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## NEWS SUMMARY

### GENERAL

#### Report criticises building society

Stricter monitoring of building society affairs and tighter accounting procedures were urged in a report on the Grays Building Society collapse.

It revealed that Mr. Harold Jaggard, Grays secretary and chairman, who committed suicide last year aged 79, had defrauded the society of £2m over 40 years. With lost interest, the deficiency amounted to £7.1m.

The 228-page report, commissioned by the Chief Registrar of Friendly Societies, says prospective building society auditors should complete a confidential questionnaire from which the Registrar could judge their efficiency and qualifications.

It recommends that the Registrar should be able to object when a society appoints an auditor about whom it has reservations.

The roles of the Registrar, the Grays directors, auditors, and the Building Societies' Association in the Grays affair were all criticised.

Mr. Jaggard, who married three times, used much of the money in gambling — once spending about £2,000 a week on betting. Report details, Page 8.

### BUSINESS

#### Equities off 5.5; Platinum record

● **EQUITIES** based on fears of the money supply figure announcement, and the FT 30-share index closed 5.5 off at 530.7.

● **GILTS** improved after the money supply announcement, and the Government Securities Index closed 0.19 up at 73.52.

● **PLATINUM** values reached an all-time peak on the free market, and the London starting price rose £2.50 to £212.10. The dollar quotation was \$435.50. The rise was attributed to speculative buying triggered by the upward trend in the New York market. Page 35.

● **GOLD** eased slightly from its highest levels in London yesterday, but still rose \$1 to close at a record \$256.7.

● **STERLING** fell 50 points to close at \$2.0560, and its trade-weighted index was unchanged at 66.8. The dollar rose to 85.5 (\$6.0).

● **WALL STREET** was 64 1/2 up at 334.89 near the close.

● **EEC ENERGY** Ministers considered a French proposal to regulate the Rotterdam spot market as a way of checking oil prices. At the same time, oil on the Rotterdam market hit a record \$33 a barrel. Back Page.

● **BERL AND WINE** tax levels in the UK would have to be substantially changed under proposed new rules being drawn up by the European Commission. Page 2.

● **EEC COMMISSION** plans to help the textile industry adapt to changed world market conditions appear to have been modified, after talks with representatives from textile sectors on industrial strategy. Page 4.

● **THIRD WORLD** nations at the UNCTAD talks in Manila are trying to curb the rights of some developed countries to withdraw preferential tariffs which have previously boosted exports from underdeveloped countries. Page 4.

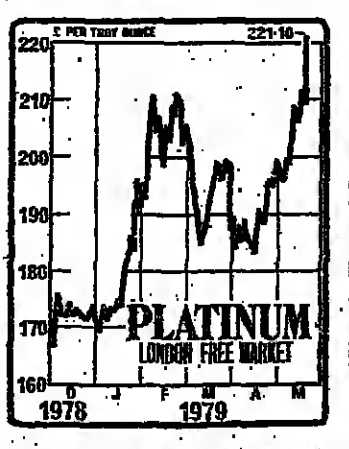
● **FIRST OPTIONS** of Amsterdam, a leading member of the European Options Exchange, announced that it will cease operations on June 1 because of inadequate business. Back Page.

● **EGYPT** is mounting an economic counter-offensive against opponents of its treaty with Israel by freezing the assets of its partners in the Arab Organisation of Industrialisation. Back Page.

● **CIVIL SERVANT** members of the Civil and Public Services Association have voted in electoral reforms which will severely limit the influence of Left-wing militants. Page 10.

● **WHESSOK**, the engineering group, reports a fall in first-half profits to \$0.98m (£1.13m), and forecasts a drop in the full year's total. Page 25.

● **REDMAN HEENAN** International, the specialised engineering group, reports first half pre-tax profits up 32 per cent to £1.19m (\$902,000) on turnover of £24.28m. Page 25.



#### IMF talks founder

Talks between the International Monetary Fund and Turkey were broken off because of the Ankara government's reluctance to make the necessary budgetary adjustments. For further IMF loans and its refusal to modify its complex foreign exchange regulations.

#### Du Cann triumph

Edward du Cann, Conservative MP for Taunton, was re-elected chairman of the powerful 1922 Committee of Tory backbenchers, despite challenges from Sir Paul Bryan and Charles Morrison. Parliament, Page 10.

#### Mexican changes

President Jose Lopez Portillo has replaced three leading members of the Mexican Cabinet in a move which could have profound political and economic repercussions. Page 4.

#### Airport sites

A list of possible sites for a third London airport is expected to be published next week by a study group. They include Stansted and Maplin. Page 8.

#### Immigration falls

Immigration to Britain fell by 5 per cent in 1978, compared with the previous year, says a Government White Paper. Page 8.

#### Broken home

A hippopotamus, Hercules, bought by animal lovers from bankrupt Cleethorpes Zoo, smashed his way into his new home at Dudley Zoo. The two-ton animal demolished the retaining walls of the \$15,000 hippo house.

#### Briefly...

Masked gunmen killed seven people and wounded three in a raid on an Ankara coffee house. Phillip Randolph, black union leader and a founder of the U.S. civil rights movement, died in New York, aged 90. Official death toll in the south-east India cyclone reached 600. Man who lit a bonfire near Orense, Spain, to cook a lunch-time sausage, set fire to a forest. He was arrested.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Exec. 12pc 13-17	£1004 + 1	Treas. Variable 82	£961 - 1
Abercom	123 + 11	Blue Circle	328 - 8
Brown and Jackson	700 + 30	Brown (J.)	561 - 14
Callens A.	158 + 8	Common Bros.	198 - 20
Davies and Newman	182 + 8	Dutton-Forsyth	50 - 34
Fidelity Radio	94 + 5	Fisons	298 - 10
Fogarty (E.)	335 + 8	Grand Met.	156 - 5
Hardy (Firms) A	52 + 5	GUS A	420 - 12
Hoover A.	185 + 15	Hawker Siddeley	240 - 6
Morris and Blakey	1641 + 12	Heath (C.E.)	223 - 12
Myson	85 + 4	Howden (A.)	87 - 9
Telephone Rentals	192 + 5	Manchester Liners	230 - 15
Walker (C. and W.)	143 + 5	Midland Bank	410 - 10
Anglo-Amer. Coal	880 + 20	Sunley (B.)	350 - 15
Anglo Amer. Gold	£204 + 11	Trafalgar House	78 - 4
General Mining	550 + 45	Turner and Newall	156 - 6
Gold Fields SA	£177 + 1	Shell Transport	758 - 7
Iris Hydraulic Tin	95 + 10	Tricentrol New	46m - 4
Renong Tin	80 + 5	RTA	323 - 9
Rhodesian Crp.	28 + 4		
Rustenburg	158 + 6		

Price at suspension

## Inflation pressure may hamper Tory economic aims

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government faces much tighter economic constraints on its ability to meet both its monetary and tax-cutting objectives than Ministers expected before taking office.

The tone of a Cabinet discussion on economic prospects yesterday appears to have been sombre. Ministers were given the impression by Sir Geoffrey Howe, the Chancellor, that Britain's economic problems are a good deal more serious than he had expected.

In particular, there is concern about a fast build-up of inflationary pressures. Ministers agree that the need to control inflation must be the major priority and this has very serious implications for Government policy. But it is not yet clear how far this will affect the Budget decisions.

There is naturally a political attraction in blaming the inheritance from Labour for limiting the Government's freedom of manoeuvre.

Senior Ministers and officials recognise that it will be difficult to reconcile the pledge to cut income tax with a reduction in the rate of monetary growth.

This is principally because of present policies in the public sector borrowing is likely to be between £1.5bn and £2bn higher than the maximum level acceptable to the Government.

The problems of reducing the monetary target were highlighted yesterday by Bank of England figures showing that the money supply growth rate has accelerated to slightly above the top end of the current official range. This mainly reflects a continued buoyant level of bank lending. Sterling, M3, the broadly defined money supply, grew by 1.5 per cent in the month to mid-April, on a seasonally adjusted basis. This is roughly what the market was expecting following last week's banking figures.

The result is that sterling M3 has risen at an annual rate of 12 1/2 per cent in the six months since the beginning of the current target period last October. This compares with a permitted increase rate of 8 to 12 per cent.

In the year to mid-April the money supply rose by roughly 10 1/2 per cent, which was almost in the middle of the target range for the period.

These figures are uncomfortable for the authorities but do not indicate any need for urgent action before a review of the overall direction of fiscal and monetary policy is completed ahead of the budget on June 12.

There is still uncertainty about the underlying strength of bank borrowing after a £2.38bn rise in sterling lending to the private sector in the last three months.

It is unclear how far this

## Shell fears 'hand to mouth' oil supplies

BY TIM DICKSON

THE PROSPECT of "hand to mouth" oil supplies this winter and still higher oil prices was held out yesterday by Mr. Michael Pocock, chairman of Shell Petroleum and Trading.

Figures at the end of March, the latest available to the group, suggest that world stocks of oil are "as low as they can realistically go," Mr. Pocock said.

Shell yesterday also announced its first quarter results for 1979 which showed a huge jump in net income from nil to \$615m. This year's figure was achieved after adding in \$67m for favourable currency movements while first quarter income of £293m last time was entirely wiped out by the negative effects of currency translation. Shell's shares after an initial gain, finished the day 7p lower at 788p.

Mr. Pocock, who was addressing shareholders at the company's annual meeting in London, explained that the immediate impact of the cutbacks brought about by the Iranian revolution had been cushioned by suppliers' ability to draw upon existing stocks. But even with Iranian production now back on stream at the reduced level of four million barrels a day there were still problems. "In some countries there may be summer petrol shortages. We are concerned now about the provision of adequate supplies of heating oil for next winter."

Referring to prices, Mr. Pocock said he believed these could be pushed even higher unless the producing countries could see significant indications that measures taken by the consuming countries to reduce demand were working.

Mr. Pocock also said that the company's start to 1979 was not as good as the figures suggested. Group net income included a large element of stock profit while increases in product prices during the quarter were not sufficient to keep pace with the rise in supply costs.

He stressed the need for timely action to tackle the long-term energy problems, adding that he found it "difficult to envisage a future world adequately supplied with energy in which fission-based nuclear power does not play an important part."

Yesterday's meeting was largely taken up with a resolution condemning the company for past participation in supplying oil to Rhodesia.

Mr. Pocock again "categorically" denied the sanctions busting allegations. The result of a poll called at the end of the meeting will be known to day. The company has received more than 44,500 postal proxy votes against the resolution and just over 800,000 in favour.

## Delfont takes over at EMI

BY NICHOLAS COLCHESTER

LORD DELFONT, 69, has taken over from Sir John Read as the chief executive of EMI, the troubled music, leisure and electronics groups. He was appointed yesterday to deal with the group's pressing problems while his designated successor, Mr. Roger Brooke, 48, who joins on June 4 as managing director, gets to grips with the company.

Sir John, 61, will remain chairman of EMI and will have special responsibility for the group's interest in Thames Television and for Government relations. Lord Delfont, who has until now been in charge of EMI's entertainment and leisure division, said that he will remain chief executive for up to three years "until I feel I have accomplished what I hope to do."

He summed up what he hoped to inject into EMI as "freedom, streamlining, and profits." He is known to feel that EMI's divisions suffer from an excessive central bureaucracy.

Lord Delfont will also engage himself in EMI's music business — the latest cause of the group's poor performance.

Last week the company shocked the stock market by announcing that problems in the record business would probably leave the group with a loss in the half year to June 1979. Sir John Read said last night the music side badly needed to attract new musical talent.

Lord Delfont could help here because "he's a great showman."

Before this announcement, the chief problem area at EMI was its expensive medical X-ray scanner business, where the development of a new range of machines has been a heavy drain on EMI's finances. Sir John said last night that with the division's prospects improving EMI was in a much stronger position to decide on its future involvement in this business.

Mr. Roger Brooke, the new managing director, said that the future of the medical electronics division would have to be "reviewed." It is clear that a sale is not ruled out.

Mr. Brooke said that EMI has got "severe short-term problems."

These had become too pressing to allow the gradual transfer of control to Mr. Brooke which Sir John had originally envisaged.

## Retail sales rise sharply

BY DAVID FREUD

RETAIL SALES rose sharply last month to a near-record level. But it is uncertain whether the recovery will be sustained.

The April upsurge can be attributed both to catching up after the industrial disputes and bad winter weather and to further increases in real disposable incomes.

The index for retail sales volume last month was 114 (1971=100, seasonally adjusted), according to the provisional estimate published yesterday by the Department of Trade.

This was the highest level ever apart from the exceptional trading month of April, 1975, when an increase to 25

RETAIL SALES		Value—
Index	Volume	percentage
(1971=100, seasonally adjusted)	(1971=100, seasonally adjusted)	change with year-earlier, not adjusted
1977 1st	102.2	+14
2nd	102.4	+13
3rd	104.2	+15
4th	104.7	+13
1978 1st	106.4	+13
2nd	107.9	+15
3rd	110.7	+14
4th	111.7	+14
1979 1st	110.3	+12
Jan.	109.6	+12
Feb.	110.4	+12
Mar.	110.8	+12
April*	110.8	+13

per cent in the higher rate of value added tax was announced. The index was 3.3 per cent above the March level of 110.8 and 7.1 per cent higher than in April last year.

The April recovery brings the volume of retail sales in the first four months of the year back to the levels of the buoyant second half of last year in spite of the sluggish first quarter performance.

Some bunching of purchases in April undoubtedly contributed to the high total. Fears of shortages drove food sales up in January at the expense of the non-food sector, and the recovery there seems to have been delayed until last month.

Retail stocks were very high at the end of March and widespread special offers aimed at reducing them are likely to have stimulated sales.

Consumers also had more money to spend. The rapid rise in real disposable income over

## BL to boost jobs with Honda deal

BY ROY HODSON

NEW BL jobs at Liverpool, and security of employment at the Canley plant, Coventry, were promised yesterday by Mr. Michael Edwardes, the chairman, as a result of a licensing agreement to build a new Honda car.

The car will be sold in Britain and the rest of the EEC from mid-1981 through the BL dealership network if the company's board, the National Enterprise Board, and the Government, give the final approval to the programme this summer.

It will be a 1.5 litre to 2 litre saloon with a Honda engine, gearbox, and transmission and BL-built body pressings.

BL will have exclusive sales rights in the European Community and Honda will make the same model in Japan for sale in other parts of the world.

Mr. David Andrews, chairman of BL International, said yesterday the new car would probably be marketed under the Triumph badge.

It will replace the Triumph Dolomite on the Canley production line but is not intended to be a direct successor to the Dolomite as a model.

Mr. Edwardes told the BL annual meeting in London that discussions with Honda had "gone extremely well."

Collaboration was not new in the international motor industry. "It just seems new to us because we have been left behind in the pattern of international joint products."

### Future

He pointed out that most of U.S. companies already had links with Japanese companies. If the deal with Honda went ahead, he hoped there would be other deals with foreign companies in the future.

The body for the BL-Honda car will be built at BL Components at Liverpool, if the agreement is ratified. A new press line will be installed at the plant which will enable Liverpool to turn out pressings for the BL-Honda as well as for a planned medium-sized car for the BL Austin-Morris Division.

Several hundred jobs are likely to be created at Liverpool. Canley is to have a new priming and painting shop and a general modernisation of the car plant before assembly of the BL-Honda starts.

### £ in New York

	May 16	Previous
Spot	\$2.0568-0569	\$2.0568-0569
1 month	\$2.04-0.35 cts	\$2.04-0.37 cts
3 months	\$2.04-0.75 cts	\$2.07-0.83 cts
12 months	\$2.50-3.30 cts	\$2.56-2.25 cts

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# EEC plan to harmonise drink taxes

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

A SUBSTANTIAL change in the level of taxes imposed on beer and wine in Britain would be required under proposed rules being drawn up by the European Commission. Smaller changes would also have to be made by Belgium and the Netherlands.

In addition, countries which currently charge no excise taxes on wine would be asked to undertake to do so in the future, though without committing themselves to a firm timetable.

At present, such taxes are not charged by Germany and Italy, while Luxembourg imposes them only on imported wines.

The draft proposals would require all countries to apply

the same level of Value Added Tax to beer and wine, and would limit the excise tax on wine to three times the level for the same quantity of beer. Governments would, however, be free to determine the exact rates of tax applied.

The draft proposals are intended as a compromise solution to a lengthy and politically sensitive dispute over attempts by Brussels to harmonise the basis on which alcoholic beverages are taxed by EEC member states.

The Commission hopes to submit its proposals to the Council of Ministers next month. But France, current president of the Council, appears unenthusiastic. Other governments, particularly the UK, would be likely to resist

them in their present form. The Commission already has legal proceedings pending against Britain, which it has accused of discriminating against trade in wine by taxing it at a much higher rate than beer. The difference between the two rates works out on average at 40 per cent.

The European Court of Justice is expected to rule on the case within the next few weeks. If it decided in favour of the Commission, the UK would be obliged to eliminate, or at least reduce, the discrepancy by raising the tax on beer, lowering the tax on wine, or both.

Britain's acceptance of the new compromise proposals could nullify the effects of a negative ruling by the court.

But with the legal case still undecided, the UK appears disinclined to the Commission's suggested compromise, which it considers a poor bargain.

The Government is expected to argue that while it is being asked to make a radical change in the structure of beverage taxation immediately, Germany, Italy and Luxembourg are being asked to give a much vaguer commitment to do so, only when fiscal frontiers are abolished in the EEC. For practical purposes, this amounts to an indefinite waiver.

The Commission wants the structure of taxes to be harmonised because it believes that the current system of widely varying regimes is a barrier to intra-EEC trade.

# Renewed strike wave in France

By David White in Paris

TALKS BETWEEN the French Government and unions over steel industry jobs resumed yesterday against a background of renewed industrial action which coincided with a widespread civil servants' strike. Stoppages and protests were organised in steel mills, particularly in Lorraine, where unions presented a joint front.

In a separate dispute, schools, postal services and other Government activities were disrupted by a strike called by the three main Left-wing unions.

Teachers provided the strongest support for the 24-hour protest against pay levels and delays in negotiations to rectify them. About 70 per cent of primary school teachers were reported to have joined the strike, with a smaller following in other parts of the education system.

Just under a quarter of postal workers were also out, while hospitals, local government offices and airlines were less affected. Demonstrations were staged in Paris and other centres.

M. Jacques Dominati, Secretary of State for the Civil Service, criticised the unions behind the strike and said that salary increases to compensate for inflation would be agreed on soon.

Discussions on measures to compensate for lost steel jobs, which began at the Labour Ministry after a six-week interval, are held up by demands from Communist and other unionists for wider-ranging talks on the Government's steel industry restructuring plans. Negotiations with the main steel companies, which since last year have been under effective state control, brought some concessions, particularly on the timing of redundancies at the Usinor group.

# U.S.-Spain talks on use of bases

BY ROBERT GRAHAM IN MADRID

MR. HAROLD BROWN, the U.S. Defence Secretary, left here yesterday after 24 hours of talks on the future of U.S. bases in Spain. The visit was described as routine, but the U.S. is understood to be concerned by recent Spanish interpretations of some clauses in existing defence treaties.

In particular, the U.S. took exception to the Spanish authority's refusal to allow a flight of F-16s to land at Torrejon air base, near Madrid, recently, when en route to Saudi Arabia. The Spanish Government was reported to be anxious not to offend some of the more hardline Arab states, in what was regarded here as a poorly timed political gesture by the U.S. administration.

This incident, plus indications that Spain wants to try to retain a measure of independence from the U.S. in defence matters, despite the existence of agreements, has cast doubt on the use of the U.S. could make of its two Spanish air bases if it needed to re-supply its principal

Middle East allies. The matter has acquired new importance since the Camp David peace agreements. The Press here has speculated that the U.S. is pushing the Government to recommend Spain's membership of NATO when the U.S. defence treaties expire at the end of next year. However, this is denied both by Government and U.S. officials, who point out that Mr. Brown's presence here after the Brussels NATO meeting is coincidental.

Mr. Brown yesterday chaired a meeting of the Hispano-American defence committee. One issue was the impending departure on July 1 of the U.S. Polaris submarine fleet from Rota, near Cadix.

This will cease to be a home base, but the U.S. hopes to continue to use the facilities there.

Mr. Brown also met Sr. Augustin Rodriguez Sahagun, the new Defence Minister, who is taking a keen interest in trying to establish a large measure of local production for the £12bn. order for 72 F-16s

now under discussion with the Pentagon.

Timothy Burns adds from Lisbon: Mr. Brown arrived here yesterday from Madrid for brief talks with President Antonio Ramalho Eanes, Portuguese chief-of-staff, and Dr. Carlos Mota Pinto, the Prime Minister.

Although Lt-Col. Jose Loureiro dos Santos, Portugal's Defence Minister, attended the NATO meeting in Brussels earlier this week, the Lisbon talks concentrated more specifically on future Portuguese military needs.

U.S. military assistance to Portugal has averaged \$25m a year since 1976, but Portuguese military officials want this sum to be increased over the next few years. Most U.S. aid recently has gone towards bolstering Portugal's 3,000-strong NATO brigade.

U.S. officials here denied any connection between Mr. Brown's visit and the negotiations between Portugal and the U.S. on the use of the Lajes base in the Azores.

# Gonzalez steers a delicate course

BY OUR MADRID CORRESPONDENT

SR. FELIPE GONZALEZ, leader of the Spanish Socialist Party (PSOE), yesterday pledged to carry out a policy of responsible opposition, following its defeat in the March general election.

Addressing a packed convention hall in Madrid for the opening of the party's 28th congress he conceded that the socialists had not done as well as expected in the election.

In a 90-minute address on the state of the party, he managed to steer a delicate path through the ideological minefield the party has laid for itself. While drawing most applause for paying homage to the party's debt to Marxism, he said present

ideology and tactics had to be realistic—and socialist. Marxism was not an absolute truth, he said, and the PSOE, 100 years old this year, had its own identity.

He skirted all direct mention of the party's relationship with the Communists. Referring to tactics for the new Parliament controlled by the ruling Union de Centro Democracia, he said the PSOE must be "autonomous." This appeared an oblique reference to his rejection of an overt Parliamentary alliance with the Communists.

He made no mention of the recently signed pact with the Communists for joint co-operation

in running the newly elected municipalities where the combined Left candidates triumphed.

Referring to the Moncloa Pacts—the package of economic and political measures agreed by all the main political parties in October 1978—he said the Government had not produced the political and economic reforms promised in return for the PSOE accepting tough economic measures.

Mr. Gonzalez said that the main problems facing Spain were now a deteriorating economic situation and the rise in terrorism and delinquency. He offered no new solutions however.

raised to 8 per cent. Hotels and restaurants would pay 4 per cent, while necessities such as food and medicines would be taxed at 2 per cent.

The proposal compares with a general VAT rate of 6 per cent in Britain which switched to this form of taxation in 1976 after joining the Common Market. The highest VAT rate of 20.6 per cent is levied by Sweden, followed by Norway with 20 per cent.

The Swiss Government has drawn up a complex system of cuts in direct taxation on incomes to compensate for increases in the total tax burden arising from VAT.

Labour and consumer groups are campaigning hard against VAT. They claim that retailers will use it as a pretext to raise prices and that taxpayers will end up paying about SwFr 2bn more to the Government.

The Government argues that VAT will raise prices over a three year period by a maximum of 1 per cent, and has pledged strictly to monitor prices starting this summer to prevent abusive increases.

# Switzerland to vote on VAT introduction

BY BRIJ KHINDARIA IN GENEVA

SWITZERLAND'S Government, which fears its budget deficit might soon rise to as much as SwFr 4bn (£1.4bn), is urging acceptance of value added tax, already used by 10 European countries including Britain.

For the second time in two years the Swiss people are being asked to vote on the introduction of VAT when they go to the polls for a dual referendum on Sunday. At the same time they will vote on the future of the country's nuclear programme.

The Government is pressing for VAT because it has seen its budget deficits climb from a mere SwFr 30m (£8.5m) in 1971 to more than SwFr 1.6bn (£457m) in 1976, indicating a deficit up to between SwFr 2bn and SwFr 4bn next year.

Berne has ordered a tight hold on public spending and the 1978 and 1979 figures imply a deficit in real terms at the same level as 1976. The losers have been hospitals, prisons, low-rent housing, health insurance and schools.

To rationalise its revenues the Government has long advocated

introducing VAT to replace its existing tax on business turnover which, among other things, is disliked by the main export industries.

Sunday's referendum is on a revised Government proposal which would institute a VAT rate of 7 to 8 per cent from this summer.

**Probe into joining IMF**

BY JOHN WICKS IN ZURICH

A SWISS inter-ministerial working party is investigating technical problems connected with any future membership of Switzerland in the International Monetary Fund (IMF) and the World Bank.

M. Pierre Aubert, the Foreign Minister, says a report will be presented to the federal council towards the end of this year. It is unlikely to find any technical obstacles to Swiss membership in the two Bretton Woods organisations.

Switzerland, which does not belong to the UN, has hitherto co-operated with the IMF and the World Bank

without being a member of either. Speaking in Neuchâtel, M. Aubert said this week that Switzerland's non-membership of the World Bank, which "was often connected with the rejection by the Swiss electorate of participation in the fourth capital raise of the International Development Association," was misunderstood in the outside world.

In 1976, a referendum proposal to contribute SwFr 200m (£56.9m) as a credit to the IDA, a World Bank affiliate, was rejected in Switzerland, after opposition from both the right and left wing.

An earlier proposal for a 10 per cent rate was rejected by voters in June 1977, but the Government has conducted a much more adroit publicity campaign this time and expects a yes vote.

It has promised to limit the general VAT rate to 7 per cent up to 1983 when it might be

# France looks at fresh investment in a depressed steel region

BY TERRY DODSWORTH IN PARIS

THERE ARE two kinds of industrial investment. The first more benevolent variety, injects money into a new operation, seeks out fresh markets, and creates a lot of new jobs. The second takes an old, decaying organisation, modernises it, and creates a lot of redundancies.

In the Valley of the Moselle, in north eastern France, they have an intimate knowledge of both extremes. This is steel country, a region where plentiful water and iron ore have nourished metal workers for a thousand years. It is also the home of Sacilor-Sollac, one of the fallen giants of the French steel industry, whose crisis has brought an abrupt end to the rapid growth experienced in the area since the last war.

For years we have been trying to tell the trade unions that if we followed their demands for new investment it would mean fewer jobs. This is what is now happening. Like most steel-making

regions, the Moselle Valley has a very particular character of its own. Industrially it has a limited base. For the past 30 years the townships around Thionville have poured the larger part of their efforts into steelmaking, particularly in the 1950s and 60s when France's industrial explosion demanded constant growth and development.

This insularity, however, does not extend to the social attitudes of the area. Unlike Longwy, Lorraine's other large steel centre some 50 kilometres to the north-west, the Moselle has not brought the shutters down on the rest of the world. This is partly because of its population, a rich mixture of nationalities ranging from second generation Italians to first generation Spaniards attracted by the steel industry. But it is also due to geography. The Moselle has been fought over since the 30 years' war, and some of today's older generation can remember changing nationality four times during the 70-year tug-of-war un-

leashed between France and Germany in 1870.

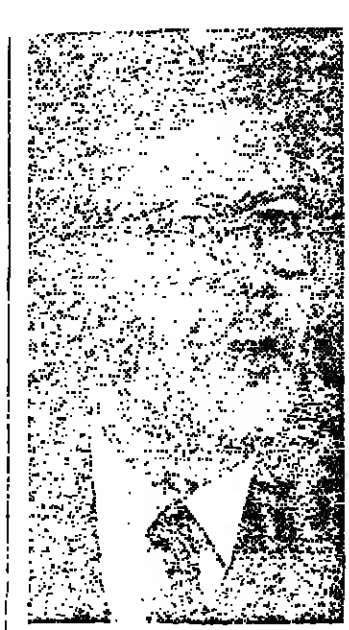
"We have already formed a united Europe here," says one of the local mayors, a disciple of the late Robert Schuman, who came from just across the border in Luxembourg. It is this sense of unity which is now coming to the assistance of the Moselle in its fight for industrial survival. It explains the relative peace of this corner of Lorraine since the draconian steel redundancies plans were announced in January, and it underlines the drive towards attracting new industry which is getting underway.

The effort is urgently needed. The modernisation programme at Sacilor-Sollac, started eight years ago, has already taken jobs away from the Moselle, notably to the new steelworks at Fos, near Marseilles, built to take advantage of cheaper, imported iron ore. New investment in the older plants are continuing, and at the same time Sacilor-Sollac is reducing its overall capacity from about 9m

tonnes a year to 6.5m tonnes. Some 8,500 workers will be trimmed from its workforce in the next two years.

In total, M. Michel Lecavelier, secretary general of the Committee for the Promotion and Expansion of the Moselle calculates that some 10,000 steel-making jobs will be lost to the area during the next two years. "I believe that we can attract new industry in the longer term because of our location, industrial skills and good record in productivity and industrial relations," he says. "But there is no doubt that the next three or four years will be difficult."

If the jobs do not come some local dignitaries fear an unemployment rate of up to 10 per cent in two years time. In an area which had in build mini-townships to house a burgeoning labour force in the 50s and 60s, this clearly spells trouble which no government could ignore. Thus the battery of weapons which the authorities have poured into the laps of the local administrators in the



Herr Helmut Schmidt

# Schmidt criticises E. Germans

By Roger Boyes in Bonn

HERR HELMUT SCHMIDT, the West German Chancellor, yesterday defended Bonn's policy of co-operation with East Germany and said that it had brought about significant humanitarian benefits. But, in his annual state of the nation address, he sharply criticised East Germany for its treatment of Western journalists and for allowing trade to deteriorate between the two countries.

Herr Schmidt's speech comes at a time when relations between West and East Germany have been under particular strain after the expulsion earlier this week of a West German television correspondent from East Berlin. This action, followed on Wednesday by the expulsion of another West German TV correspondent from Moscow, was condemned by Bonn as a violation of the 1975 Helsinki agreement. The East Germans meanwhile have cancelled a scheduled meeting between Bonn and West German officials.

Herr Schmidt argued in his speech, however, that although the Berlin expulsion was a serious setback, the treatment of journalists should not become the central issue in East-West relations and that no retaliatory action would be taken against East German correspondents in Bonn.

Despite some flare-ups, relations between the two countries had developed positively over the past year, he said. Some 12,000 people left East Germany over the past year, 8,000 of them with official approval in 1978, almost 20 per cent more than in 1977. He also said that East Germans were allowed to visit the West because of "urgent family circumstances" than in 1977.

Trade links between Berlin and the Federal Republic were improving and the number of serious border clashes had dropped.

Herr Helmut Kohl, the leader of the opposition Christian Democrat Party, in a lengthy reply, attacked Herr Schmidt for undermining the basis of the West German position by being too accommodating towards East Berlin. His speech, however, contained fundamentally the same criticisms of East Germany and the same acknowledgement that progress had been made in relations between Bonn and East Berlin.

# ROTTERDAM SPOT OIL MARKET Demand defeats supply

BY KEVIN DONE, ENERGY CORRESPONDENT

THE ROTTERDAM spot oil market has been a growing source of embarrassment for western governments and the oil industry ever since the ten-week bailing of crude oil exports from Iran guaranteed that oil prices would take off this year in dramatic fashion.

The title "Rotterdam Market" is a misnomer, however, because as a result of modern communications a market is not in any particular place. There is no market where people meet to match bids and offers. An operator in the market can be based anywhere from Rotterdam to London, New York, Paris, Milan or the Ruhr as long as he has access to a telephone or a telex and feels he has enough knowledge about the supply and demand of oil products to want to deal in them.

The name comes from the fact that most of the oil in which "Rotterdam Market" operators deal, is available in the area of Rotterdam and Antwerp, where over the past 25 years the major international oil companies have built up the biggest refinery complex in the world.

A large part of the oil products consumed in western Europe is pumped ashore in the Rotterdam area of Europoort, Rotterdam. The bulk of this oil, and the resulting refined products, are channelled through the integrated systems of oil companies such as British Petroleum, Shell, Esso, Gulf or Texaco. The companies have their own refining capacity, which also refine and market oil for the European market generally acquire most of their crude oil under long-term contracts. But a small remainder of the north West European requirement for oil products is traded in bulk and it is this operation which constitutes the "Rotterdam Market."

It is only a marginal part of the total oil trade amounting to perhaps 3-4 per cent of the market. A general consensus in the oil industry puts the total amount moving through the Rot-

terdam market at about 30m tons a year. The volume of trading activity is much higher, however, since many cargoes can change hands several times. The reason for the market's existence is the complexity of the oil industry. Even with the most sophisticated modern techniques available, it is rare to find that the output of any one company or of any one country precisely matched the demands of the market place. The resulting mis-match of avail-

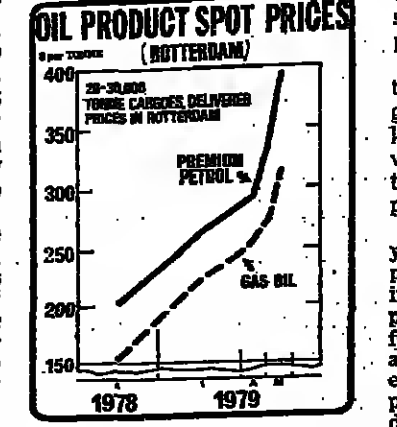
able products is further complicated by the long time lags between setting up supply and refining programmes and actually implementing them.

It takes five weeks or more for a tanker to bring crude oil from the Gulf to Europe and in the meantime demand in the market may have altered.

Surpluses and deficits of particular products occur within each company's operations and the Rotterdam market is a way of correcting these mismatches between supply and demand.

The prices at which business is done are very sensitive to the supply and demand pressures acting on the European oil trade as a whole. Quite minor changes in demand, caused perhaps by lower temperatures, are magnified into an absolute scarcity of product in the market.

Being small in relation to the overall oil market, the spot market is a volatile business, and



# Christian Democrats gain in Italy

BY PAUL BETTS IN ROME

LATEST OPINION polls indicate a modest advance for the Christian Democrat Party and a small decline for the Communists in the Italian general elections on June 2 and 3. However, the results still show considerable uncertainty about the Socialist Party, which is expected to be a determining factor in the formation of a Government.

Some polls suggest the Socialists could gain about 1.5 per cent, but others indicate they might make no gains over their present 9.6 per cent and, indeed, could decline by about one point.

Of the smaller parties, the Radicals are widely expected to gain both in the north and the south, although perhaps not by the 5 per cent the party is claiming.

The Christian Democrats, who polled 38.7 per cent in the last elections, are unlikely to pass 40 per cent, while the Communists are expected to drop

by about 2 or 3 points. This would still leave the Communists, who polled 34.4 per cent in 1976, with more than 30 per cent of the vote.

Since the Communists pulled out of the Parliamentary majority earlier this year, they appear to have been regaining the ground lost since their unhappy alliance with the Christian Democrats.

But, according to the polls, they are still expected to lose votes, particularly in the south and some large cities like Turin and Naples, which came under their control after their substantial gains in the regional elections of 1975 and the general elections three years ago.

They are also likely to see a fall in their vote among the young, who have become somewhat disillusioned with the party, and are turning to more militant left-wing groups and the Radicals. Against this, the Communists could pick up votes among women, who make up

slightly more than 50 per cent of the electorate.

The Christian Democrats are likely to gain some votes on the left of the party, but they do not expect to attract substantial votes from the right. No spectacular advances are expected in the south, but there could be some gains from central regions and Piedmont.

The Communists are continuing to insist that Italy is effectively ungovernable without their direct presence in the Government, suggesting that the party intends to stay in opposition after the elections if their demands, as is widely expected, are not met.

Meanwhile, the Italian election campaign is increasingly clouded by the threat of imminent petrol shortages. The issue is causing bitter controversy between the Government and the private oil companies, which are threatening to curtail supplies to filling stations.

# Dutch row on economic package

BY CHARLES BATCHELOR IN AMSTERDAM

THE TWO member parties of Holland's ruling coalition have been unable to agree on measures to slow the rise in incomes and curb the growth of public spending. Further efforts are expected at today's Cabinet meeting to reach a compromise between the Christian Democrats and the right-wing Liberal Party.

The Government proposes full measures to strengthen its Fl 90m (£2.38bn) programme of spending cuts, Blueprint '81, which was announced last year. The failure to get all the programme through Parliament, and the recent worsening of economic prospects, have made

further measures necessary. The four-point plan aims to break the direct indexing of social security benefits, the minimum wage, and public service workers' salaries to wages in industry.

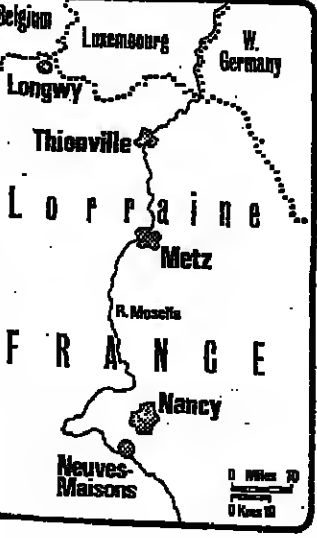
Increases in social security benefits and the minimum wage would also be restricted.

Automatic compensation in wages for price rises would be made at a reduced rate for people with large salaries. The Cabinet now appears to favour applying this to salaries above Fl 50,000 (£11,800) a year. Finally, it proposes curbing the growth of earnings for about 450,000 people.

The disagreement between the two parties centres on Liberal opposition to the plan to limit price compensation for the higher wage earners. It would prefer the Government to implement immediately a plan it has drawn up to cut spending programmes and speed the collection of taxes.

The Liberals oppose measures such as limits on the amount of price compensation—which would cut across wage agreements already reached for 1979.

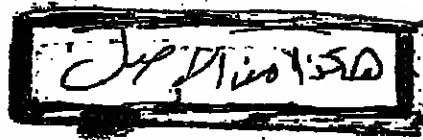
Mr. Ruud Lubbers, leader of the Christian Democrats in Parliament, said an incomes policy would be more effective than cuts in spending or the quicker collection of taxes.



drive for new industry. Thus the launching of PSAI, the chosen weapon to counter the destructive effects of the job-shedding investment of the steel industry with a more benevolent variety.

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S. AFRICA'S FUEL CRISIS

Little mercy on the spot market

BY JOHN STEWART IN CAPE TOWN

THE INTENSIFICATION of the international oil crisis following the loss of 10 weeks' Iranian production and the subsequent hardening of Opec prices has hit no country harder than South Africa, both in terms of price and physical availability of crude oil.

South Africa relied on Iran for more than 90 per cent of its oil imports and since December 25 last year has been unable to negotiate terms contracts to replace that source. As a result, the republic is now almost entirely dependent on the spot market where recent deals have been concluded at premiums of up to \$12 a barrel over the ruling Opec average price of about \$16 a barrel.

To add to these hardships, the South African government has been warned by the oil majors of the possibility of dry pumps in certain areas if the crude oil supply situation does not improve in the next two weeks.

This follows hard on the heels of their recent communication to the Ministry of Economic Affairs that because of world-wide re-scheduling of the international supply chains of their parent companies, resulting in drastic cutbacks on their historic allocations, they have been forced, like Sasol (the Government's procurement agency), to a position of almost 100 per cent reliance on spot market acquisitions.

Government officials fear that if acquisition deals at prices approaching \$30 become

commonplace the balance of payments implications become daunting. Even allowing for economies and conservation, the minimum requirement to facilitate stepped-up economic activity later this year will be 250,000 B/D, so that at the latest increased price the foreign exchange requirement would be more than \$2,000m on an annual basis. In January this year the Government established a special fund to finance premiums on spot market purchases. Called the equalisation fund it is funded by a levy equal to about \$14 a barrel on all oil products consumed.

According to Government experts, every movement of \$1 a barrel in the cost of offshore acquisition needs to be balanced by an increase of 1c a litre in the equalisation fund levy. The existing levy may have to be raised again in the near future.

Officials stress that, while price may have exerted a sobering influence on consumers in the past, current economic priorities dictate that so far as productive fuels are concerned price stability should be strived for at all costs. According to oil company returns, petrol consumption has been falling away steadily since imposition of the last levy of 6 cents a litre on February 25. Diesel consumption, on the other hand, continues to rise.

This has a perverse economic effect: a high petrol price deflates consumer spending

power; a high diesel price inflates production costs and pushes up the consumer price index. Either way, growth is inhibited.

The only alternative, say officials, is to place physical curbs on offtake. Speed restrictions, high prices and curtailed pump selling hours have probably made South Africa the



most disciplined user of petroleum products in the world, but these measures were designed primarily for balance of payments purposes during the 1975-1977 recession.

Now that physical availability has become the main problem the government is very close to new strategy. The device to which officials are most attracted is one that is currently being applied in Greece at week-ends, where half the country's passenger cars are banned from the roads. Cars with odd numbers on the licence plates are allowed out

one weekend and cars with even numbers the next.

In South Africa the curbs would be applied on a daily basis—and to all vehicles thereby forcing commercial fleet truck operators in particular to rationalise usage.

Oil companies have warned that their stock levels are near danger point. In the days when the prime source of crude oil was the Gulf states, the inventory cushion was about 12 weeks; six weeks of crude in tanks or on the water, plus six weeks of refined product in depots or in the pipelines. Individual companies have warned that their outlets in certain parts of the country will run dry in the next couple of weeks if fresh supplies of crude are not forthcoming.

Two Bills currently moving through Parliament emphasise the gravity with which the Government views the situation. The first measure empowers the minister of economic affairs to outlaw all newspaper reporting on the oil situation, including the movement of oil shipping, with penalties of up to R7,000 or seven years imprisonment; the second Bill closes a loophole and forces consumers who import refined products direct to pay levies to the equalisation fund. It was found that mining companies were importing gas oil direct, thereby escaping the existing levies which, on an annual basis will add millions of rands to their operating costs.

Australian energy gap expected to widen

BY JAMES FORTH IN SYDNEY

AUSTRALIA would be importing more than half its oil needs by 1985 and about three-quarters by 1990 unless new discoveries are made and brought into production, according to a report by Esso Australia, a subsidiary of Exxon Corp.

Esso is a partner with the Australian group Broken Hill Proprietary in Australia's major oilfields in the Bass Strait, which currently produce close to 70 per cent of Australia's requirements.

Esso claimed that Australia's energy consumption is currently the equivalent of 1.5m barrels of oil a day, but that by 1990 it would be 2.5m barrels.

Even if discoveries are made within two years the lead time between discovery and commer-

cial production could be five to eight years, the report said. This meant that whatever happened the widening gap between local production and domestic consumption could not be arrested before 1985 to 1988.

Dai Hayward writes from Wellington: A 32 cent per gallon increase in the price of petrol imposed by Mr. Robert Muldoon, the Prime Minister, only a few hours before the state opening of Parliament yesterday added to the anger of thousands of protesters who marched on Parliament.

Building trade union leaders told the protest rally that they would be seeking an immediate general wage increase to counter the increased cost of petrol.

Japan maintains imports despite world shortage

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN IS not yet feeling the pinch of world oil shortages for the very simple reason that its crude oil imports have been running at levels at or slightly above those of 1978. This is despite the interruption in supplies from Iran which was the source of 17 per cent of Japanese oil imports in 1978.

Japan managed to import 25m kilolitres of oil in January against 24.4m in January 1978 partly by sharply increasing purchases of oil from Saudi Arabia but also thanks to a modest increase in shipments from Indonesia. In the following three months the figures ran as follows: February 22m kilolitres (just under 23m in 1978), March 26m kilolitres (24m a year ago) and April 22.1m kilo-

litres (22.43m in April 1978).

Thus there has been no domestic squeeze on supplies of crude oil or oil-related products. Prices however have increased and there is some evidence of speculative stockpiling, for instance, of naphtha, by traders.

Petrol has been selling at ¥90 per litre since March, a rise of ¥10 per litre since the beginning of the year. Diesel oil and home heating oil prices have also moved up fairly sharply, the latter after a sharp increase in consumption had forced the Government to lift a price freeze. Petrol pump queues have not yet hit Japan.

At the end of March Japan announced a series of mostly voluntary measures designed to cut back energy consumption.

Pressure on Pol Pot forces

By Richard Nations in Bangkok

THE MILITARY fortunes of the Khmer Rouge appear to have plunged sharply during recent weeks. Analysts here say that the Vietnamese are close to enveloping the best of former Premier Pol Pot's fighting force along the Thai border unless early rains neutralise Hanoi's superior firepower.

The latest sign of Khmer Rouge weakness was the hurried retreat into Thailand last week of some 8,000 Cambodians under the command of Pol Pot forces.

Most of these are the remains of larger units from former Khmer Rouge strongholds in the south central region of Kampong Son Kampong Speo, Takeo, and Kampot. They have been on the run, harassed by the Vietnamese, for nearly three months.

Khmer Rouge platoon commanders were under orders in February to retreat west towards the mountains in the Cardamomes—where Pol Pot is thought to have impenetrable and well-supplied strongholds. But they were cut off by the Vietnamese and forced to flee into Thailand.

Once the Khmer Rouge regrouped in the Thai coastal province of Trat, they were trucked north by the Thai army 100 miles and sent back across the border, north of Pailin.

This new jungle base is not far from where 50,000 of the Khmer Rouge's shattered northern and western commands have regrouped after a similar escape passing through Thai territory last month to evade a Vietnamese assault.

But these new sanctuaries are already surrounded by the Vietnamese who hold both Pailin to the south and the key terrain along the border to the north. Analysts here say the Vietnamese are simply waiting for fresh supplies and reinforcements, now being flown in, before closing the trap.

The Thai military is seriously worried about the possibility that the Vietnamese may pursue the Khmer Rouge across the Thai border.

This has added to Thailand's already considerable border problems. Over 12,000 ethnic Chinese refugees have entered Thailand in the past week from Cambodia. Many Thais see this as an organised evacuation encouraged by the Vietnamese to empty Cambodia of what it perceives as Peking's potential 'Fifth Column'. The measure proposes that no

U.S. interests threatened by PLO guerrilla plans

BY HSIAN HIJAZI IN BEIRUT

The Palestine Liberation Organisation has announced its intention to escalate guerrilla activity against Israel and renewed its threat to strike at United States interests to try to settle the forthcoming negotiations on the proposed autonomy for the Israeli-occupied West Bank and Gaza.

PLO Chairman Yasir Arafat has said the guerrillas "will bring the temple down on President Carter's head," if he should try to push forward a solution against the wishes of the Palestinian people.

Mr. Arafat and other Palestinian leaders hold the United States responsible for helping President Anwar Sadat of Egypt conclude a peace treaty with Israel which they regard as having disastrous repercussions on the Palestinian cause.

The first round of talks on autonomy is due to begin May 27 when President Sadat and Israeli Prime Minister Menachem Begin will meet at el Arish in Sinai. The talks are expected to be attended by Mr. Cyrus Vance, United States Secretary of State.

The guerrilla threat to hit American interests in the Middle East is not new. Thus far unidentified guerrillas have fired rockets into the U.S. Kennedy cultural centre in Beirut. Further targets would have been attacked if a number of guerrillas sent to West Germany had not been seized by police there.

Ten guerrillas were seized in possession of weapons and explosives and were travelling on forged passports.

They were said to have been sent to strike at Israeli and American offices and embassies in Western Europe, although the exact locations were not disclosed.

West Germany was chosen because the PLO had accused West German intelligence organs of complicity in the assassination here in January of Mr. Ali Hassan Salameh, the former Chief of Security at the main commando organisation, El-Fateh.

Some officials here hint that an underground group has been formed for the sole purpose of mounting operations abroad, especially against U.S. interests. The group calls itself "Black March," after the month in which the Egyptian-Israeli treaty was signed.

The organisation is supposed to be the successor to the "black September" factions which carried out terrorist activity a few years ago, including the massacre of Israeli athletes in Munich in 1972.

Mr. Abu Iyad, Mr. Arafat's second in command, said at a Press conference in Doha, the capital of Qatar, on Monday, that the guerrillas will strike at U.S. interests and personnel but Arab oil is not a target. Another leader in the PLO, Mr. Jamed Abu Sbarar who is information chief, was more specific. He said American companies, banks and embassies will be attacked. The political aim of these actions is, according to sources close to the PLO to force Washington to realise that there can be no settlement of the Middle East conflict without the Palestinians and their leader, the PLO, taking part. "To put it in a nutshell, the Carter administration must extend recognition to the PLO," the officials said.

Row over S. Africa Bill to curb press reporting

BY OUR CAPE TOWN CORRESPONDENT

SEVERE RESTRICTIONS on the right of newspapers to publish reports on alleged irregularities in the public service and misappropriation of state funds are contained in a Bill presented to Parliament here yesterday.

The Bill provides for the creation of the post of Advocate-General, an official with power to prevent publication of reports on bureaucratic misconduct until suspicions and allegations had been investigated and a report submitted to Parliament.

The two main Opposition parties strongly condemned the Bill, describing it as a "Press gag of the most sinister kind" and as a "totalitarian measure which could only have place in a Fascist, Communist or despotic system." The measure proposes that no one can publish or cause to be published any report relating to alleged misconduct without permission of the Advocate-General, who may determine conditions under which publication may take place. Penalties for contravention of the proposed law are a R5,000 fine (£2,800) or 12 months' imprisonment.

The Bill also says that the holding of inquiries by the Advocate-General will be secret. He can exclude any category of people from proceedings and hearings unless their presence is necessary.

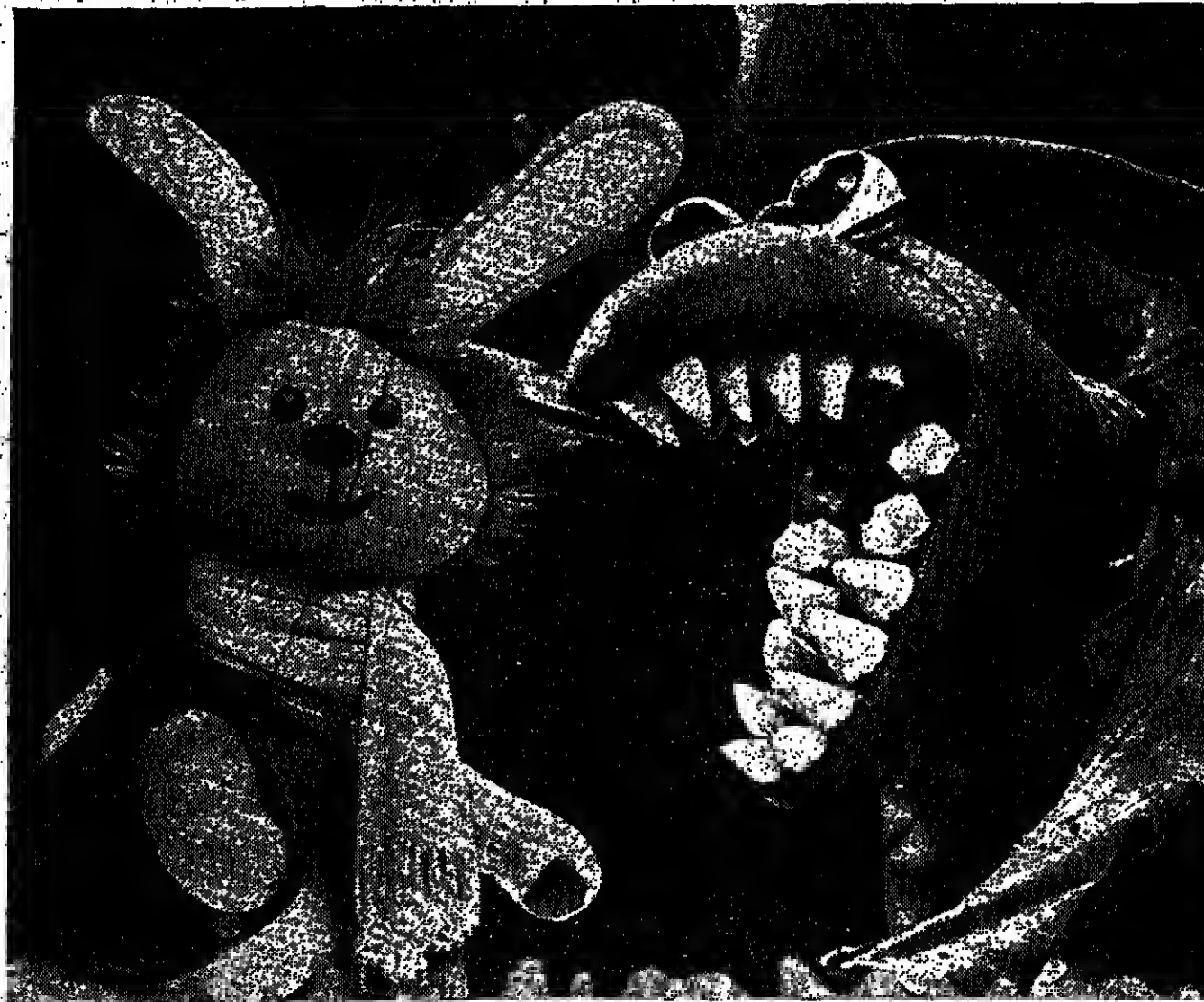
In addition to the ban on publication of allegations and the provisions for secrecy, the State President can go further and decide more regulations providing for the preservation of secrecy and the recording of proceedings at an inquiry.

Nigerians tell BP to unload seized tanker

JOHANNESBURG—Nigerian authorities have ordered British Petroleum to unload the tanker Knlu, seized after it was accused of taking on oil bound for South Africa, the Johannesburg Star reported yesterday.

Nigeria, a major oil supplier, has banned sales of oil to South Africa. Maritime officials in Britain, however, deny that the vessel's cargo was bound for South Africa. They say it was destined for Western Europe.

Nigeria insists that the tanker will not be released until authorities are convinced it was not breaking the ban on sales of oil to South Africa, and officials have cancelled the sale of 1.6m barrels of oil to BP, requiring that it be discharged from the ship. AP



Oscar and the Great Woofaroo: from Tyne Tees...for children...for the network.



Wilde Alliance: from Yorkshire Television...for grown-ups...for the network.

Oscar.....Wilde

If you draw a line across the Wash, along the Pennines, and south of the Tweed, what have you got?

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David Buchan reports on the threat to U.S. Africa policy Rhodesia sanctions in the balance

THE TIDE in Congress is running in favour of a speedy removal of trade sanctions on Rhodesia. That was the explicit message of this week's Senate resolution, by a surprisingly large 75 to 19 vote majority...

got the amendment repealed. Conservative supporters of Mr. Ian Smith, the white Rhodesian leader, have long hammered away in the Senate at what they have seen as the Administration bias towards the Marxist guerrilla movement...

vote in the Senate is also the result of weak leadership by the White House and the top brass of the Democratic Party. President Carter did not pull out all the stops with Congress, as he has done on other foreign policy issues...

of being forced to lift sanctions before Britain does. The White House and State Department want to make any move in tandem with Britain, the Government legally responsible for any final recognition of Rhodesia...

Brazil state company spending cut

BRAZIL has cut Cr 72,600bn (\$2,950bn) from the budget of state run companies and the administration's own capital spending programme in a move to help reduce inflation and cool the overheated economy.

Lopez Portillo replaces three senior Cabinet Ministers

THREE leading Mexican Cabinet Ministers have been replaced by President Jose Lopez Portillo in a move which could have profound repercussions on the country's political and economic strategies.



Sr. Lopez Portillo

Sr. Roel's replacement, Sr. Castaneda, had been concerned with the question of Mexico's fishing policy which will figure high on the agenda as President Lopez Portillo starts on his second day of talks with Dr. Fidel Castro, the Cuban President...

IATA concern at U.S. timetable

THE INTERNATIONAL Air Transport Association (IATA) has voiced concern at the brief time allowed by the U.S. Civil Aeronautics Board (CAB) to obtain proof of why U.S. airlines should be allowed to take part in IATA's fare-fixing activities.

lead to liberalisation and openness in the public interest. The tight calendar of hearings set by CAB, from June 13 to October 15 runs counter to requests by "numerous foreign governments with the support of the U.S. State Department."

to function fully by the October 15 deadline for an end to CAB hearings. After the hearings, CAB will decide whether U.S. airlines should continue to enjoy a derogation from U.S. anti-trust laws...

After the hearings, CAB will decide whether U.S. airlines should continue to enjoy a derogation from U.S. anti-trust laws, which ban price-fixing by cartels in violation of free competition...

Plan for additives anti-trust case

THE Federal Trade Commission will shortly consider staff proposals for the launch of its first "price signalling" anti-trust case against four manufacturers of anti-knock additives for petrol.

Richmond, Virginia, Du Pont Co. of Delaware, PPG Industries of Pittsburgh and Nalco Chemical Company of Oakbrook, Illinois.

Two years ago the Government made no secret of its suspicions that price signalling was prevalent in the steel industry, but the staff recommendation on additives is the first known proposal for action against any group of companies.

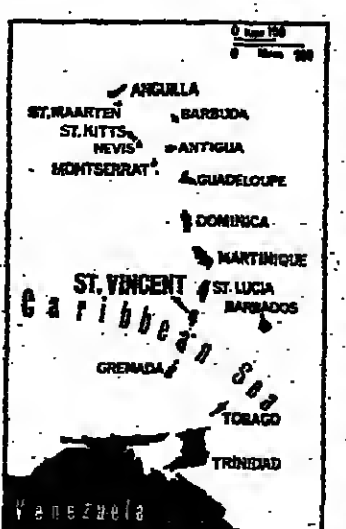
in common with the other Windward Islands, St. Vincent sells almost its total production to Geest Industries of Spalding in Lincolnshire. It was anticipated that exports would be worth over \$2m this year...

Tony Cozier reports on St. Vincent's struggle to recover after the Soufriere eruption

In the shadow of a volcano

THE SOUFRIERE volcano on St. Vincent, which rumbled into activity on Good Friday, has now been relatively quiet for three weeks. Since the last of 20 eruptions on April 25, scientists monitoring Soufriere's unpredictable behaviour are said to be guardedly optimistic that the worst is over.

Managing nearly 20 per cent of the population who have suddenly found themselves without homes and without their usual means of support has placed an enormous burden on a Government which had budgeted for a total expenditure of about \$5.5m for the current financial year.



Caribbean Sea

The hardest blow has been to the vital banana industry. St. Vincent's principal export crop and largest single employer. Plantations in the immediate vicinity of Soufriere were devastated but in other parts of the island the fallout of ash and dust scorched the skin of the fruit.

Third World aims to protect gains through UNCTAD

THIRD WORLD nations at the United Nations Conference on Trade and Development (UNCTAD) in Manila are trying to place curbs on the so-far unfettered right of some developed countries to withdraw preferential tariffs which, in the past, have served to boost exports from the underdeveloped world.

These are, basically, benefits to developing country exports operated mainly by the U.S., the Common Market, and Japan. They have, however, suffered as a result of quantitative and other restrictions applied by these industrialised nations.

While recognition of the GSP system by the Third World was gained, the Tokyo Round, conversely, saw a further whittling down of the advantages of these schemes with a reduction of the margins of preferences enjoyed by them compared with the average tariff levels operated by the richer nations.

Of this proportion, only about 40 per cent actually received preferential treatment in 1976, the most recent period for which figures are available, without being subjected to some restriction in 1976.

According to 1975 figures, the Soviet Union and Hungary imported \$1.7bn worth of goods under GSP from developing countries. This is among the main reasons why developing countries are now criticising the socialist camp for dragging its feet in helping the Third World.

The UNCTAD report says that while GSPs have been useful, it will not fulfil the original aims of promoting Third World exports and economic development without substantial improvement. According to the developing nations, the worst practices used by the West to circumvent the advantage of GSPs to the Third World are unilateral withdrawal without explanation, of privileges, setting of complicated import quotas and use of rules of origin procedures to block imports on the grounds that they did not originate in a country eligible for preferences.

At the same time, an Afro-Asian attempt to draw up a common line on how to improve trade access to Communist countries ran into problems with the Latin Americans.

EUROPEAN TEXTILES Commission modifies plans to restructure industry

EEC COMMISSION plans to intervene actively in the textile industry to help it adapt to changed world market conditions. The aim is to provide manufacturers with access to figures on output, stocks and demand. Inside the Community, and on relevant developments outside the EEC, enabling them to plan ahead more effectively on a pan-European basis.

The annual Ready to Wear Festival in Hong Kong, reputed to be the biggest fashion showcase in South East Asia, has been postponed until 1981 because of the non-availability of a suitable venue, its organiser, the Hong Kong Trade Development Council, has announced. Instead a large-scale fashion presentation is planned for the IGEDO Fashion Fair in Dusseldorf, W. Germany next April.

ing between the Commission and Comitextil, the representative body for European textiles in Brussels last week. The aim is to provide manufacturers with access to figures on output, stocks and demand. Inside the Community, and on relevant developments outside the EEC, enabling them to plan ahead more effectively on a pan-European basis.

on a national basis and often not directly comparable from country to country. The estimated cost of providing the service, to be financed by Comitextil, is in the order of account a year (£880,000). The Commission is believed to be proposing to pay three-quarters of the cost in 1980, one-half in 1981 and one-quarter in 1982.

India's trade position worsens

INDIA'S TRADE deficit almost doubled in the 1978-79 financial year to Rs 10,620m (\$1,300m) from Rs 5,810m (\$726m) in the previous year. The trade gap would have been larger still but for a surge in exports in the final January to March quarter.

Exports rose by 5.5 per cent in the year under review to Rs 55,440m (\$7bn) while imports increased by as much as 13.2 per cent to Rs 66bn (\$8.2bn). International factors affecting India's exports include the decline in the growth rate of imports by developed countries, protectionist measures taken by them, the fall in commodity prices like tea and coffee and fluctuations in foreign exchange markets.

Polish deficit reaches \$311m

POLAND'S HARD currency foreign trade deficit was \$311m in the first quarter of this year, according to figures just published by the Central Statistical Office here.

This is half the planned trade deficit for the year which according to Polish figures released to Western banks last January should amount to some \$600m. According to the same figures, Poland's overall current account deficit in 1979 was expected to run to \$1.4bn, and repayment and service of Poland's \$15bn debt will cost \$4.1bn this year.

explained in part by snow and freezing temperatures in the first two months of the year which led to unplanned energy cuts, transport blockages and consequent production short-falls. The figures for world trade which include Comecon trade are more encouraging as they give Poland a \$380m surplus.

According to the Polish trade paper Rynek Zagraniczny, 20 per cent of the year's export plan and 18 per cent of the annual import plan was fulfilled in the first quarter.

China and Japan to sign \$2bn commercial loan

CHINA is expected to sign a second loan agreement today with a consortium of private Japanese banks. This will be a \$2bn (\$288m) syndicated loan carrying an interest rate of 0.5 per cent over LIBOR.

The Bank of China may draw from the six-month refinancing facility when it pays for imports from Japan. At the end of the six months it can either repay it with proceeds from Chinese exports or draw down from the loan to pay for it.

Volvo offers truck plant

GOTHENBURG — Volvo is negotiating a deal with China worth several billion crowns relating to a heavy truck plant capable of assembling 50,000 units per year, according to Mr. Bertil Bengtsson, head of Volvo's international marketing arm.

He gave the interview during a visit to Volvo by a Chinese delegation led by Vice-Premier Gen. Zhao. The main competitors for the contract are in the U.S. and France. Volvo has supplied a large amount of completed trucks to China in the past, he said.

MEA to spend \$500m on new aircraft fleet

MIDDLE EAST AIRLINES, the flag airline of the Lebanon, is now considering the purchase of a fleet of up to 19 new jets, worth about \$500m, with Rolls-Royce RB-211 engines.

MEAsad Nasr, chairman of MEA, said in London yesterday that he and his Board hoped to get final quotations from the various manufacturers during the forthcoming Paris Air Show in June, and to make a final decision later this summer, signing contracts in September.

Canada satellites

SPAR Aerospace of Toronto has been awarded a \$76.6m contract to build Telesat Canada's next generation of communications satellites known as Anik-D, Victor Mackie writes from Ottawa.

It is the first time that Telesat, which operates Canada's communications satellites, has awarded a prime contract for spacecraft to a Canadian concern.







# ICI plans 1,200 jobs cut on Teesside

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries is planning to cut 1,200 jobs at its petrochemicals division on Teesside over the next three years.

Dr. Rab Telfer, chairman of ICI's petrochemicals division, told a conference of monthly-paid staff that job numbers will have to be reduced by about a per cent a year. This means doubling the present annual reduction in the workforce through wastage.

The group's petrochemicals division employs 10,800 people, of whom 4,000 are monthly-paid staff. Much of the workforce is at ICI's huge chemicals complex at Wilton on Teesside, although some are based at nearby Billingham.

Dr. Telfer said every effort would be made to achieve the cuts through wastage so as to protect jobs. But he warned that people at all levels in the division would be affected, including the Board. He added that his own intention was to cut numbers on the divisional Board by at least the same proportion as in the rest of the petrochemicals sector.

He said: "Every vacancy will undergo the closest scrutiny to see if the division needs to fill it. If it does, the division has to ask itself: Are there jobs elsewhere which are disappearing or could go unfilled?"

The division was being forced to cut jobs because of the declining growth rate of the petrochemicals industry as a whole. Dr. Telfer said that during the 1980's the industry grew at between 15 per cent to 20 per cent a year.

Growth rates then fell to between 8 per cent and 8 per cent annually but were now between 4 per cent and 5 per cent a year. And even this figure was "clouded" by the uncertain position on energy.

Dr. Telfer said: "We envisage a determined drive to cut down our variable costs, mainly from improved raw material and energy efficiencies. In this, clearly, the main, but not the only responsibility, will rest with the production department."

"But equally, with the massive rise of fixed costs, we must always ensure that our organisation and number of staff is consistent with the world in which we see ourselves operating. No one owes us a living, so we must strive and prosper by our own efforts."

ICI's petrochemicals division, like other chemical companies, has been hit by the dramatic rise in raw material prices over the past six months.

**Dramatic rise**

The spot price of naphtha — a basic petrochemical feedstock — has risen from £70 a tonne last June to a peak of around £150 a tonne at the beginning of March.

The price on the spot market is now about £125 a tonne, but ICI believes naphtha costs will not return to their 1978 levels. The group expects to pay £350m for naphtha in the UK this year compared with only £250m last year.

In 1978, the petrochemicals division's trading profit was £38m — £6m down on the previous year. Yet the division's sales during the period were up from £768m in 1977 to £818m last year.

The brunt of the cutback in jobs is expected to fall on the division's monthly-paid staff even though the reduction through wastage among them is currently running at 10 per cent a year—higher than among other employees.

Dr. Telfer said the division would continue to take on school leavers and graduates because it had to play its part in providing job opportunities for young people and it had to avoid serious gaps in the age structure of its management in the future.

Meanwhile the group's plastics division, which is planning to cut 750 jobs from its 10,000 workforce over the next three or four years, has announced several savings it is planning to make. These include:

- Selling a small site at its Walsley Garden City headquarters.
- Cutting entertainment and travel budgets in all departments.
- Bringing the sales teams responsible for low-density polyethylene, acrylic polymers and nylon back from Everberg in Brussels to Walsley.
- Mr. Charles Vowles, chairman of the group's plastics division, has confirmed that the planned reduction in job numbers will fall most heavily on monthly-paid staff. While numbers are to be run down by an overall 2 per cent in plastics division, the number of monthly staff is to be cut by 3 per cent to 4 per cent a year. And Mr. Vowles has warned employees that unless numbers are reduced at these rates, further cuts would be forced on the division by factors outside its control.

This year ICI has announced that it will be cutting job numbers in its organic division by nearly 2,000 over the next two years while the workforce in its fibres division is to be reduced by 450 between now and the mid-1980s.

# Token ship repairing for Falmouth docks but 650 lose jobs

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is to maintain a token ship-repairing presence at Falmouth docks, but is to press ahead with another 650 redundancies there.

This message was delivered yesterday to a meeting at the yard, but no decisions were taken. The meeting is to reconvene today.

The formula presented to the men yesterday has been agreed by British Shipbuilders and the national leadership of the Confederation of Shipbuilding and Engineering Unions.

It represents a slight change of heart by the state corporation, which until this week has argued that all ship-repairing must end at Falmouth and the yard be put on a care and maintenance basis.

In return for this concession, union leaders agreed to recommend that the men adopt full flexibility and interchangeability between jobs and the different sites at the repair yard. The arrangement is also subject to a financial and operational review after three months.

British Shipbuilders would not specify last night exactly how many men would be retained, but it is likely to be fewer than 200, most of whom will be required for port work and care and maintenance of plant. Almost 400 men have already left. In addition, British Shipbuilders has undertaken to enable the yard's 120 apprentices to complete their training.

The decision on Falmouth does not give any indication of thinking by the Government about the problem-stricken shipbuilding industry as the closure had already been sanctioned by Ministers of the previous Government.

Industry Ministers are, however, faced with some urgent decisions about shipbuilding. They have to decide whether the £85m shipbuilding intervention fund and the Shipbuilding Redundancy Payment Act are to be renewed.

British Shipbuilders is also keen to have an early response to its corporate plan, which proposed a 12,500 reduction in the industry's workforce.

THE CBI'S NEXT PRESIDENT BY JOHN ELLIOTT

# Sir Ray Pennock, an arts man among accountants



Sir Ray Pennock from the ICI "Mafia"

WHEN THE Confederation of British Industry needs to find itself a new president, it conducts informal soundings and consultation among its members on a scale that could only be admired by older Conservative Party stalwarts: most used to their leaders "emerging" than being voted in through a ballot.

Yesterday this gentlemanly process led Mr. John Greenborough, the current president, to produce the name of Sir Ray Pennock, an extrovert and widely respected deputy chairman of ICI, as the CBI's new deputy president. This was a discreet way of saying that Sir Ray is president-elect and will "shadow" Mr. Greenborough for the next 12 months before becoming president for two years in his own right.

Sir Ray, who is 59 next month, will bring to the presidency a range of experience of business in the UK, Europe and the U.S. gathered during a lifetime spent with ICI which he joined in 1947 with a history degree from Oxford.

An arts man among chemists and accountants he worked his way through 10 years on labour and personnel affairs and a period on sales before becoming a divisional commercial director in the early 1960s. He then became successively deputy chairman and chairman of ICI's agricultural businesses before joining the ICI main board in 1972 with responsibility for commercial and planning functions, organics products, and the Pacific and Far East.

He became a deputy chairman in 1975 in charge of ICI's overseas expansion, first in Europe and then in what ICI calls "the Americas." As chairman of ICI's corporate responsibility committee he has been guardian of the company's social

conscience (he has encouraged staff to become MPs). He is also chairman of its senior appointments committee.

Last year he was a leading contender to succeed Sir Rowland Wright as chairman of ICI. He made no secret of the fact that he was deeply disappointed when he was beaten by one of his fellow deputy chairmen, Mr. Maurice Hodgson. When he lost, his name was immediately canvassed as a possible director general of the National Economic Development Office, but he showed no real interest in being considered for the job.

At the CBI he has been chair-

man of the economic situation committee for about two years, which has given him direct insight into the affairs of British industrial and retailing companies. It has also made him one of the CBI's regular spokesmen because he is in charge of publishing its quarterly industrial trends report.

He is also chairman this year of the Chemical Industries Association and is known as a man who can go on to public platforms and television to put a "human face" on the technicalities and environmental and other problems of chemicals.

At the CBI he will try to do the same thing for business generally. Yesterday he said that he had two main ambitions — one was to help the CBI develop "teeth" and the other was to "make people realise about the importance of the creation of wealth."

"People are shockingly unaware of business realities," he said. "One heard this winter about the problems of the low-paid worker and the craftsman, but never in the whole debate about pay did one hear discussion about where the money is to come from."

When Mr. Greenborough announced Sir Ray's name at yesterday's CBI annual general meeting (which formally voted its assets), he was clearly aware of possible criticism that he was perpetuating what some smaller companies regard as the domination of CBI affairs by the "Shell and ICI mafia."

Mr. Greenborough, ICI director general, used to be with ICI. But Mr. Greenborough handled the point deftly when he said "In some ways it will simplify things, because it will soon not be the Shell-ICI mafia but just the ICI mafia."

# Brentnall Beard probe completed

BY JOHN MOORE

LOYD'S OF London has completed an extensive investigation into the affairs of one of its largest insurance brokers, Brentnall Beard.

Brentnall Beard played a prominent role in the events which have led to a Lloyd's underwriting syndicate, formerly headed by Mr. Frederick Sasse, facing £13.6m losses.

The decision to inquire into the affairs of Brentnall Beard was taken last July by the 16-strong ruling Lloyd's committee.

The inquiry team was headed by Mr. Brian Brennan, a former Sedgwick Forbes Bland Payne. Other members included Mr. A. Henry Chester, an underwriter, Mr. Peter Foden-Pattinson of J. H. Minet Agencies, and Mr. Alec Higgins of insurance brokers Woods and Maslen.

The team has examined Brentnall Beard's solvency, stated how Brentnall placed Canadian fire insurance business with the Sasse syndicate which led to £2.6m losses, and looked at the group's role in the placing of U.S. fire insurances with the syndicate which led to a loss of £5m.

Lloyd's said yesterday that "relevant aspects" of the inquiry's findings had been communicated to Brentnall Beard and Mr. Sasse and his fellow directors of Sasse Turnbull, the managing company of the syndicate. They have been invited to reply.

"The committee will consider the inquiry's report at a special meeting when their comments have been received," said Lloyd's.

Brentnall Beard is quoted on the London stock exchange and has a stock market value of £2.2m.

# Caterpillar to expand UK output

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CATERPILLAR TRACTOR, the U.S.-owned construction equipment manufacturer, is planning to expand its production near Newcastle-upon-Tyne.

The company, which also has plants in Glasgow and Leicester, has applied for outline planning permission to develop a site alongside its existing plant at Birtley.

**Charles buys RA pictures**

PRINCE CHARLES has bought two pictures at the Royal Academy Summer Exhibition, which opens in London tomorrow, after they caught his eye during a preview. He saw the exhibition with Sir Hugh Casson, president of the RA, after the traditional Academy dinner at Burlington House, Piccadilly.

The paintings are Winter's Day, a small oil, priced at £130, by Mr. Jeff Pickering, of Marston Road, Sberborne, Dorset, and Early Morning Sunlight at £500, by Mr. Arthur Tribe, of South Norwood, SE London.

# CBI solidarity plan to back union reform

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CBI is drawing up a plan for solidarity among companies to back up the industrial relations legislation being planned by the Conservative Government.

A study of the "balance of power" between employers and workers is being undertaken by a working party headed by Mr. Alex Jarratt, chairman of Reed, and an interim report will be given tonight to Mr. James Prior, Employment Secretary, when he meets CBI leaders to discuss the Queen's Speech.

"There is a great concern about what happened to industry last winter and our members believe that the few legislative changes being considered by the Government will not set the whole thing right. So we have to see what we can do for ourselves," said Mr. John Greenborough, president of the CBI, after his monthly council meeting yesterday had discussed the new political situation.

Members of the balance of power study group include Sir Ray Pennock, who yesterday became president-elect of the CBI, Sir Terence Becket, chairman of Ford UK, and Sir John Methven, CBI director general. The working party is studying ways in which employers help each other when faced with union power in the UK and abroad. It intends to produce a major report for debate at the CBI's next annual conference in November.

In CBI terms, employer solidarity ranges from joint strike funds to help companies facing union action to better liaison between employers about their labour affairs. The Executive Embroidery Federation has been urging its member companies to consider such action.

Mr. Greenborough said that employers should not allow themselves to be "picked off one by one." For example, a company should not put extra pressure on a supplier or customer, which was suffering industrial action, to deliver goods or pay bills. It should be more sympathetic instead because putting pressure on might mean that the other company feels bound to cave in to union pressure.

The question of relationships between the CBI and trade and employers associations will form a later part of the study. So will the balance of power between companies and the Government.

Meanwhile the CBI is drawing up a detailed list of the labour law changes which it wants the Government to consider. This will be completed next month after tonight's talks with Mr. Prior and will include changes affecting picketing, closed shops and ballots.

# United Biscuits free to raise prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE DEPARTMENT OF Trade is to take no action over a Price Commission report published yesterday which recommends that United Biscuits should not be allowed to raise its prices again until September 22.

The Department's move follows the Government's decision earlier this week to scrap the Price Commission. Although the commission's reports will still be published it now seems likely that during the winding-up period for the commission, the Department will take little further action on its recommendations.

Although the commission decided last January to investigate the 4 per cent price rise sought by United Biscuits for a range of products, it granted the company an interim price rise of the full amount sought during the investigation.

However, the commission's recommendation that the company should not be allowed to increase prices again until later this year was based on criticism of United Biscuits' discount policy.

The commission says it had "serious reservations about the company's discount structure for branded biscuits." One element of this was the use of "target discounts," based on percentage volume growth over sales in the previous year.

The effect of these target discounts, in combination with the standard discounts offered to retailers, has been "to act as a powerful inducement for larger customers to concentrate business on United Biscuits' products."

The commission says that "this disincentive to retailers to spread their purchases between suppliers acts as a barrier to competition and new entrants."

United Biscuits told the commission, according to the report, that it considers its present discount practices to be fair and reasonable and that it has no plans to make significant changes.

"But the commission says: 'In view of the market position which United Biscuits has now attained in branded biscuits, it would be right for this practice to be reconsidered.'

Mrs. Sally Oppenheim, Minister for Consumer Affairs, said yesterday that the company's discount practices were "reported to be used widely in the biscuits and food industries, and I therefore take the view that any restriction applying to United Biscuits only would be discriminatory."

She pointed out that the Monopolies and Mergers Commission was currently investigating the "whole issue of manufacturers' discounts to retailers and suggested, therefore, that it would be premature to make judgments on these practices until the conclusions of the Monopolies and Mergers Commission are available.

Mr. William Gunn, deputy chairman of United Biscuits, said last night that a price freeze on the company's products was "totally unjustifiable."

United Biscuits (UK) Ltd., biscuits, crisps, nuts, and savoury snacks. Price Commission. HC 347, SO 21.

# Meriden workforce faces 150 lay-offs

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

WORKER-DIRECTORS of Meriden motor-cycle co-operative are expected to call today for at least 150 redundancies among the 700-strong workforce.

Production is to be cut from 300 to 200 motor-cycles a week. Mr. Geoffrey Robinson, the co-operative's managing director and Labour MP for Coventry North-West, confirmed last night.

He insisted the company was still viable and expressed confidence that the new Conservative Government would agree to the co-operative's request to waive interest charges of more than £1m due at the end of June.

"I think the Government will be sensible. If the money is not there we cannot pay it. To close us would simply mean that everything was lost," Mr. Robinson said.

He maintained that Meriden sales this year were 10 per cent higher than last year but production had been hit by the bad winter. Sales for 750 cc motor-cycles—the sector in which Meriden operates—had been down over the past eight months by 39 per cent in the UK and 30 per cent in the U.S.

The co-operative has brought back at least 600 motor-cycles from the U.S. to add to the stockpile at Meriden.

Mr. Robinson insisted that the interest burden carried by the co-operative was unreasonable for a company of its size and that a financial reconstruction was essential.

# British experts to probe U.S. reactor accident

BY DAVID FISHLOCK, SCIENCE EDITOR

THIRTEEN BRITISH experts in nuclear safety will leave for Washington this weekend to investigate the accident in April at a pressurised water reactor on Three Mile Island.

They will include Mr. Roy Matthews, director of health and safety at the Central Electricity Generating Board, who has his own nuclear inspectors guarding British nuclear plants.

Two members of the Nuclear Installations Inspectorate, the Government's own nuclear inspectors, with representatives from the UK Atomic Energy Authority, the Nuclear Power Company, and Rolls-Royce are also included.

Mr. John Lyons, general secretary of the Electrical Power Engineers' Association, the power workers' union, is accompanying the team as a representative of the electricity supply industries.

The experts expect to have detailed discussions in Washington and at the scene of the accident about what now is known of the cause and how it might affect government-approved plans to introduce the pressurised water reactor into Britain.

Some conclusions reached shortly after the accident—for example, about the public danger presented by the hydrogen bubble within the reactor—are no longer held by the U.S. nuclear safety officials. But there is little doubt that the reactor has been seriously damaged. It is costing the owners \$14m a month to replace its electricity by purchases from other utilities.

# Bank court plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

KENDAL AND DENT, the London "silver" bank which is fighting a compulsory winding-up petition, will undertake to reorganise itself if it is allowed to continue trading, a QC said in the High Court yesterday.

# Top writer quits BBC

BY ARTHUR SANDLES

THE award-winning controversial television author Dennis Potter who wrote Pennies from Heaven is moving from the BBC to London Weekend Television, which is making substantial new investment in drama.

Under the agreement with LWT, Pennies From Heaven, an independent production company owned by Potter, Kenneth Trodd and their associates, will work within the LWT drama department over the next two years producing six Potter plays.

LWT also announced that it is to make a three-hour adaptation of Agatha Christie's light hearted whodunnit, Why Didn't They Ask Evans, with Francesca Annis, John Gielgud and Eric Porter. This has already been sold to Mobil Oil for American television.

# Money supply rises by £740m, domestic credit up £810m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £740m, or 1.5 per cent seasonally adjusted, in the four weeks to April 13. This brings the increase over the six months since the beginning of the current target period to about 6 1/2 per cent. This is equivalent to 12 1/2 per cent at annual rate, compared with the target range of 8 to 12 per cent.

The narrowly defined money supply, M1 which includes notes, coin and bank demand deposits, rose by £790m (or 3 per cent) during the month. Over the last six months M1 has increased by roughly 7 1/2 per cent.

Domestic credit expanded by £810m in the month, on a seasonally adjusted basis, while over the year to mid-April domestic credit expansion amounted to £630m. This compares with the limit for the year of £60m originally agreed with the International Monetary Fund.

	GROWTH OF MONETARY AGGREGATES (£m)								
	Money Stock M1		Money Stock M3		Bank lending*		Domestic credit expansion		
	Seasonally Unadjusted	%	Seasonally Unadjusted	%	Seasonally Unadjusted	%	Seasonally Unadjusted	%	
1978									
June 21	-312	-28	209	402	0.9	636	500	514	517
July 19	763	549	2.3	925	670	1.4	1,006	429	455
August 16	135	150	0.6	-487	-225	-0.5	-143	311	-389
Sept. 20	137	249	1.0	478	477	1.0	11	16	540
Oct. 18	478	235	1.0	535	365	0.8	414	396	587
Nov. 15	40	44	0.2	254	343	0.7	279	453	150
Dec. 13	989	585	2.3	950	743	1.5	6	475	1,241
1979									
Jan. 17	-548	203	0.8	332	1,062	2.0	1,215	494	344
Feb. 21	-222	22	0.9	-34	530	1.1	1,215	1,099	385
Mar. 21	304	6	—	-346	-387	-0.8	428	761	-401
Apr. 18	1,516	788	3.0	1,408	741	1.5	534	519	1,728

\* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

Source: Bank of England

# Machine tool exporters 'need Government help'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE MACHINE TOOL industry needs Government help in coordinating and financing the preparation of export tenders on a consortium basis, if it is to be more successful in winning orders from overseas.

This would give the British industry a more powerful presence abroad and help relieve companies of the burden of pre-contract financing, according to Mr. John Halbert, recently elected president of the Machine Tool Trades Association.

"This can often amount to as much as £250,000, and then the company might not get the contract at the end of the day," Mr. Halbert, in an interview published today in the association's newspaper, says he wants the industry to emulate the Japanese or the Germans in presenting a more united front.

"not a cartel or a price ring, but a solid commercial footing, with greater expertise available from overseas embassies. Mr. Halbert, an exporter for the machine tool industry himself, says: "So often, my biggest competitor is the Japanese ambassador."

He also calls on the City to invest more in the industry. "They have got to get out of their offices and discuss more intimately their customers' problems. The banks should come to us, we are the customers. If they feel they are not in the risk business, then let them participate more."

He believes the industry, which has slipped down the ranks of the world exporting league table from third in 1970 to seventh position, is dangerously under-capitalised.

# Britannia deal

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITANNIA AIRWAYS, the independent holiday charter airline, has won a three-year contract from the Ministry of Defence, worth about £7.8m, to carry troops between UK and Germany. It involves some 15 Boeing 737 flights a week.

# German pays £105,000 for Picasso etchings

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE COMPLETE set of 100 etchings and aquatints of La Suite Vollard by Picasso sold for £105,000 to a German private collector at a Sotheby's print auction yesterday which totalled £822,688. The 10 per cent buyer's premium, plus 0.8 per cent VAT, must be added to the purchase price.

The works of Edward Munch were in particular demand. Munchen auf der Brücke went to an English private buyer for £46,000. He also paid £17,000 for Madonna by the same artist. Munch's Abend-am Strand, Melancholie was acquired by an American buyer for £34,000.

A Japanese collector paid £2,500 for the 14 Picasso etchings La Suite des Saltimbanques. Other good prices were the £15,000 for Vampire by the same artist and the same sum for Noch Dem Sündenfall. Aache by the same artist.

Christie's Impressionist sale in New York on Wednesday brought in £2,272,254. Monet's

# Saleroom

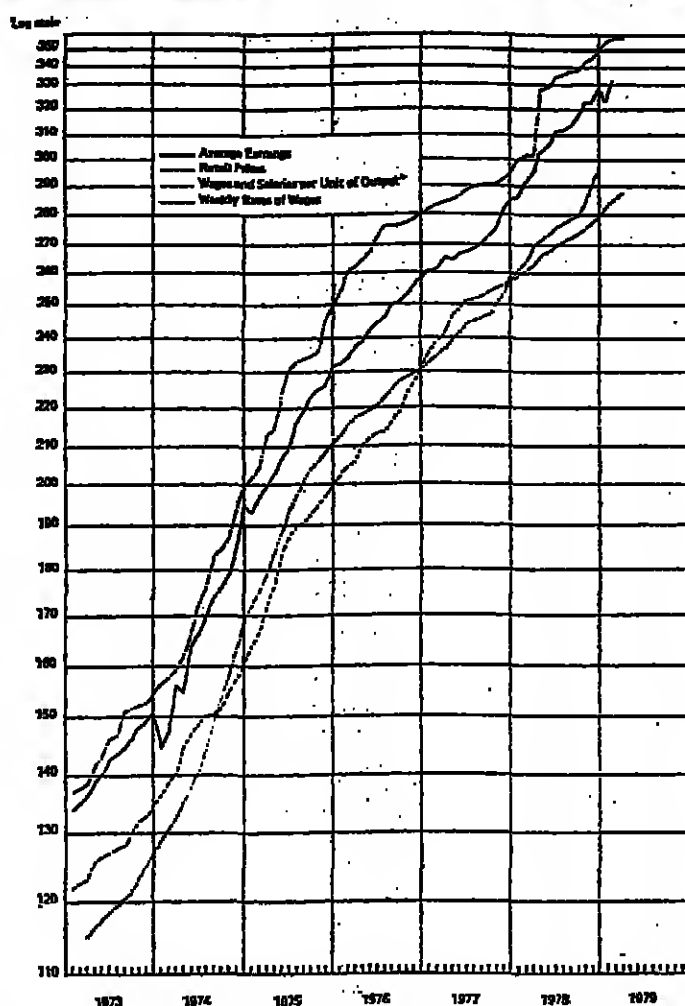
BY ANTONY THORNCROFT

Gogh's La Zouave Assis was sold for £137,254, also to Aquavella. Sotheby's sale of fine jewels at Zurich produced the remarkable total of £5.5m for three sessions, with top prices of £216,000 from a Belgian buyer for a diamond necklace by Chaumet and £134,000 for a ruby and diamond necklace by Cartier. Among the antique items, a diamond flower brooch doubled its estimate at £86,000.

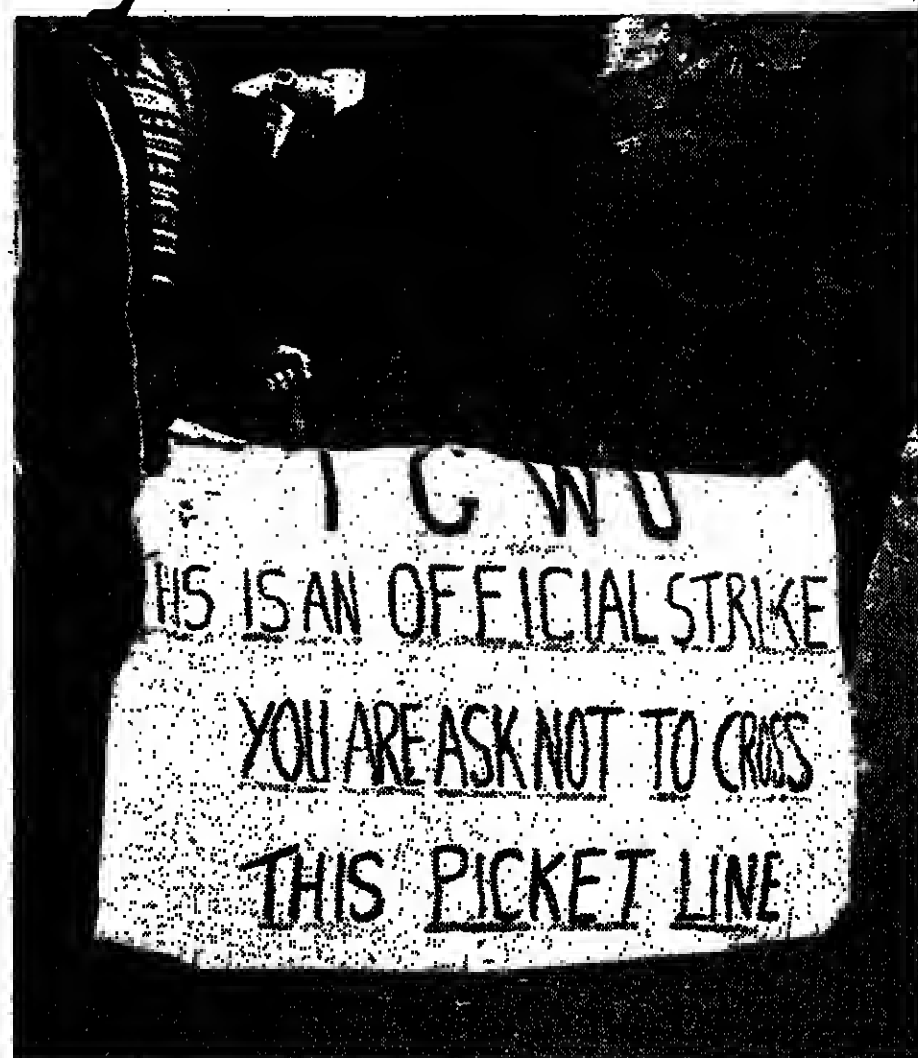


1979

# You don't need Old Moore's to tell you what you're in for this year.



Wages went up by 14.9% between Feb '78 and Feb '79. During the same period inflation only went up by 9.6%. What's your guess for next year?

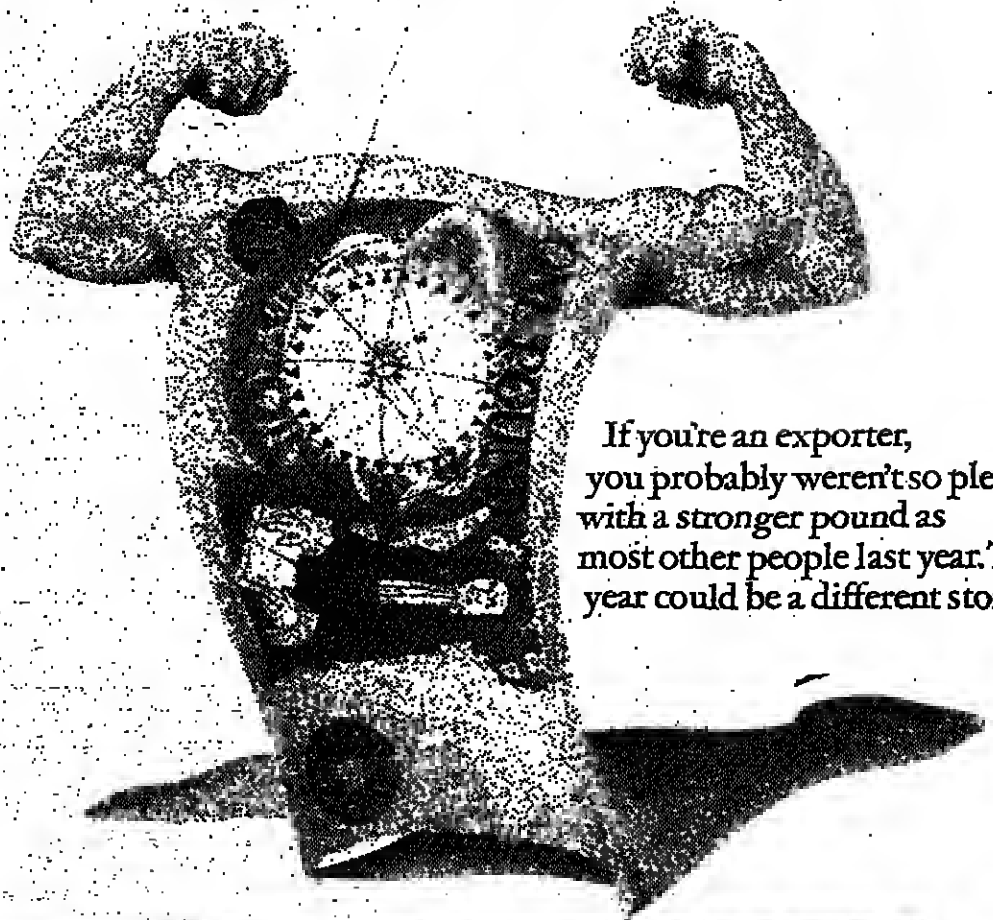


You didn't need a strike in your own company to have been badly affected by one last year. This year needn't be the same. If you're clever.

A cyclone, a crop failure, a bad harvest, needn't be a natural disaster for your company. Not if you're prepared for it. Well, are you?



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GRAYS BUILDING SOCIETY REPORT BLAMES DIRECTORS AND AUDITORS

Jaggard 'gambled away millions'

BY ANDREW TAYLOR

THE DOUBLE life of building society chairman Mr. Harold Jaggard, who successfully defrauded the Grays Building Society of £7.1m over 40 years, was revealed in a report published yesterday.

The report, commissioned by the Chief Registrar of Friendly Societies, is critical of the roles played by the Grays directors, auditors and the Registry of Friendly Societies in allowing the fraud to go undetected for so many years.

It says: "The fraud was facilitated by the lack of an adequate system of internal control for which the directors were responsible and remained undiscovered because of the persistent gross failure of the auditors to discharge their professional duties properly."

The report says that it was unfortunate that an earlier inquiry into Grays, conducted by the Registry, had stated: "It should be mentioned that all the records are impeccably maintained and with the exception of the arrears control, the systems appear to include built-in checking operations calculated to reduce the possibility of error to a minimum."

The Building Societies Association (BSA) is also criticised. Mr. Jaggard's resolve to resist reforms suggested by the Registry had been strengthened by the "support and comfort" obtained from the BSA.

"If the BSA is going to defend its members against the Registry, which, in our view, has a difficult job to do in attempting to monitor building societies, it is undesirable to do so in the absence of full information."

The report, compiled by Mr. Ian Hay Davison, a leading City accountant and Mr. Murray Stuart Smith, a barrister, calls for stricter controls by the Registry and improved auditing standards and procedures, as well as improved guidance and training for directors and clerical staff of building societies.

It reveals that Mr. Jaggard, "apparently neither persuasive nor charming," had supported two families for 18 years and gambled away at least £24m on dog and horse racing. He also had suits made in the West End, smoked cigars, ran two cars and frequently shopped at Harrods and Fortnum and Mason, all on an annual salary reported as £5,275 in 1977.

Mr. Jaggard committed suicide last March—when his fraud was about to be uncovered—leaving just £1,500 in his current account, no investments and a house in the name of his third wife and former mistress.

Most of the money stolen was used to buy gifts for his family and to finance Mr. Jaggard's extensive gambling. "We have no doubt," says the report, "that the bulk of the cash went to meet his gambling debts."

A major factor in Mr. Jaggard's fraud was the dominant position he held as chief executive and chairman of the Grays society. Junior staff never discussed their work with directors and auditors.

All communications ran through Mr. Jaggard, who was thus able to prevent the directors and auditors from discovering what was afoot and the staff from recognising the evidence that lay before their unaided eyes.

It describes how a series of investigations—carried out first by the auditors and then by the Registry—since 1952 had failed to spot the serious discrepancies in the Grays accounting procedures.

Mr. Jaggard had consistently stolen cash from the society and then covered the theft by "accelerating the banking of cheques received in a subsequent accounting period" and later falsifying records—a practice known among accountants as "teeming and lading."

He also established special share accounts from which he misappropriated further funds. In the 11 years to December 31, 1977, it has been estimated that Mr. Jaggard was stealing an average of £1,250 a week—£85,000 a year.

To aid his deception, Mr. Jaggard had insisted that records be made either by pencil or fountain pens using only Stephens blue ink. This made it easier for him to falsify records. The system was described as "swift, effective and simple."

A fundamental weakness at Grays, says the report, was that "the board failed to exercise adequate control over the affairs of the society." There was an almost total lack of forward planning and many officials were unaware of their duties.

The main recommendations

- The Registry of Friendly Societies should monitor more closely the performance of building societies.
- It should also be able to object to the appointment of auditors about whom they have reservations.
- Auditors should be required to complete a questionnaire so that the Registry can judge professional qualifications and efficiency of previous audits. Auditors should also be prepared to supply information about building societies on request by the Registry.
- Accounting standards for building societies should be improved and auditors encouraged to meet directors of building societies for whom they work at least once a year to discuss accounting procedures.
- The Registry should upgrade the professional qualifications of those of its staff conducting inquiries into building societies and provide guidance courses for society directors.
- Society directors reaching the age of 70 should be required to seek re-election annually, while the roles of chairman and chief executive should not be combined.
- Two executive directors should serve on society Boards and steps should be taken to ensure that junior clerical staff are adequately trained.



Under the 1962 Building Society Act.

"Although many of the directors disliked the fact that Mr. Jaggard was both secretary and chairman, they failed to exercise the additional measure of control which this situation called for and failed to reach decisions in time or at all see that Mr. Jaggard as Secretary carried them out."

It noted that when the Registry called for its first inquiry into Grays in 1974 that the average age of the directors was 74.

It was the advanced years of many of the Grays directors that prompted the initial investigation by the Registry and a subsequent investigation in 1977.

These showed that the Grays liquidity ratio was somewhat lower than elsewhere and recommended that mechanisation of the society's operations be introduced—a measure which Mr. Jaggard had strongly opposed.

However, the report said that there could be no criticism of the Registry for not suspecting the fraud although, for a time, amounts being taken by Mr. Jaggard dropped.

It said that there was a consistent failure by the auditors—some of whom were advanced in years, while others had no professional training—to discharge their duties properly.

The audit itself, particularly the year-end audit, was predictable in its scope and timing. The actual work performed had not significantly altered for 25 years; the attendance of the audit staff to perform the year-end audit always followed the same pattern. Mr. Jaggard knew exactly what the auditors did and when they could be expected to do it.

Important tasks were delegated to staff who had no accountancy or audit training other than that which they picked up in the course of their largely unsupervised work. In particular the crucial work of the summaries was left in untrained hands.

The fraud was eventually uncovered when a junior member of staff noted a discrepancy. The report says: "It is probable that if Mr. Nudd had adopted the practice of attending at the Grays offices when the fraud might well have been uncovered much earlier."

In March, 1978, the routine of the year-end audit, it appears that it was this change of routine and nothing more that brought Mr. Jaggard's house tumbling about his ears.

Directors who failed their probation would be able to switch more quickly to another speciality, thus reducing the frustration which many now felt.

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'Limit foreign doctors'

BY MAURICE SAMUELSON

MACHINERY to regulate the immigration of overseas doctors to Britain, and create a higher ratio of consultants in hospitals has been proposed by a working party of the British Medical Association.

The group has spent the past five months studying staffing and training requirements.

Its 15,000-word report calls for regulations to control the number of overseas doctors seeking professional appointments in the UK and to limit the period they can practise here.

The report will be considered by the BMA council at the end of the month and will then go to the BMA's divisions and its representative body.

Dr. Michael Wilson, chairman of the 12-man working party, denied yesterday that the proposals were discriminatory. The main point was that regulatory machinery should exist.

This would be in the interests of overseas doctors and in some circumstances it might decide that more rather than fewer were needed here, he said.

Manpower

The numbers of overseas doctors allowed in permanent practice would be decided on the advice of a new body, representing the medical profession and the health authorities. Its purpose would be to keep watch on manpower and training requirements.

The report says that the present level of medical immigration appears to be determined by the opportunities for employment and for post-graduate education.

The National Health Service looks to overseas doctors to fill the demand for posts in specialties and areas which are insufficiently attractive to be filled by British graduates.

This was in conflict with the view of the 1968 Royal Commission on the health service that Britain should not rely on countries whose own need for doctors was greater.

The report calls for a new training grade at registrar level closely linked to senior registrar posts.

£11m to train computer staff

BY MAX WILKINSON

A CRASH programme to train more computer staff is to be sponsored by the Manpower Services Commission at a cost of £11m.

The training programme follows a warning from the National Economic Development Council sector working party for the industry that growth prospects could be badly hampered by a shortage of skilled programmers.

Most electronics companies including the General Electric Company, Plessey and Ferranti have also been suffering from shortages of programmers.

The spread of computers and particularly micro-computers to a wide range of products from defence electronics to consumer products has accentuated the need for programmers and computer operators.

The programme will provide an extra 2,500 to 3,000 training places at colleges and polytechnics throughout the UK in each of its three-year operation, the commission says.

The grants will be made to help in the establishment of new courses. In addition, grants will help people attend courses which will be increased under several existing schemes including the TOPS (Training Opportunities Scheme).

Three separate types of course are envisaged: a basic course for computer programmers, a more advanced course for programmers of "real time" systems like

those used for airline bookings and—the most advanced—systems analysts who work at the higher level of computer programming.

In the computer world itself, the cost of machines is steadily shrinking compared with the costs of programming them. In many systems, programming costs can be well over half of the total, and the trend is expected to continue.

In telecommunications, where new computer-controlled exchanges are taking over from their electro-mechanical predecessors, there is a desperate shortage of good programmers in the UK and elsewhere.

In the office equipment industry also, micro-computers are beginning to be used in many types of equipment ranging from typing systems, electronic libraries and copiers. All these microcomputers have to be programmed. A shortage of programmers could be a great disincentive to any company trying to make an entrance into this fast-growing market.

The UK has in the past had a high degree of expertise in computer programming. However, low salary levels compared with those in the U.S. and Germany, have led to a steady loss of good programmers to jobs abroad. The successive pay policies have prevented companies from increasing salaries as much as they would like.

New commercial vehicles sales set April record

BY LISA WOOD

NEW COMMERCIAL vehicle sales in the UK in April were the highest for any April, according to figures published yesterday, with Ford capturing 30 per cent of the total sales.

Figures published by the Society of Motor Manufacturers and Traders show sales of 26,999 commercial vehicles in April, about 18 per cent more than in April 1978 and nearly 3,000 more than in the previous peak April in 1973.

Sales of British vehicles were higher in all categories—car-derived vans and pickups, medium vans and trucks, four-wheel drives and heavy trucks and articulated lorries—than in April 1978.

The importers' share of the total market was slightly down from 23.8 per cent to 23.3 per cent, of the higher overall market. Of total April 1979

sales 6,285 were imports, the main imports coming from Volkswagen, West Germany, which was particularly strong in the sale of medium vans and trucks.

While BL's total sales of commercial vehicles in April very slightly dropped to 5,512 compared with 5,522 in the same month last year, Ford's sales rose to 8,051 compared with 5,790 in the same month last year. Bedford also increased its sales in April 1979 compared with the previous year—from 3,614 to 4,847.

In the first four months of 1979 total commercial vehicle sales were up by 18 per cent over the same period last year to the highest level since 1973 at 98,461 units. Over the same period the importers' share of the market fell from 22.2 per cent to 21.3 per cent.

New London airport sites list next week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A LIST of possible sites for a third major airport for London is expected to be published next week by the South-East Airports Study Group, set up some time ago to advise the Government on this controversial issue.

The list is expected to include Stansted airport; a possible revival of the Mappin plan for an airport on reclaimed land off the Essex coast; and several inland sites, including those near to Nuthampstead, Herts, and Thurleigh in Essex.

The latter two sites were on the original short-list considered by the Roskill Commission, set up by the Labour Government in 1968.

Although Roskill urged Cnblington as the site for a third airport, the Government rejected this and chose Mappin. Development there was begun but the project was abandoned in 1974 because of high costs.

However, traffic has continued to rise, and the pressures have become so great that a new airport is considered urgent for London and the South-East in the next decade.

Last year, the Government set up the Advisory Committee on Airports Policy, to consider long-term plans for the country. It has been supported by a specialist sub-committee, the South-East Airports Study Group, dealing solely with the regional requirements.

The short-list is believed to include some possible new "green-field" sites. One of these is understood to be in the area known as The Rodings, in the Harlow-Chelmsford-Bishops Cleeve triangle, while others are close to Nuthampstead and Thurleigh.

Bitter

Whatever the group's suggestion will only be a recommendation for further study, and it seems clear that a long and bitter environmental battle will follow any final recommendation.

Most aviation observers still believe that eventually, Stansted will be preferred, because it is already functioning as an airport, and will cost far less to develop than other sites.

Car insurer adds legal costs cover

By Eric Short

BRADFORD-PENNINE Insurance, part of the Phoenix Assurance Group and the fourth largest motor insurer in the UK, is marketing continental-style motor insurance policies.

Policyholders have the option of adding legal expenses insurance cover to their standard motor policies.

Mr. Maurice Keenan, market line manager of the company, said that having legal expenses insurance was a common feature with most Continental motor insurance contracts. By this was the first time that it had been generally available to British motorists.

Legal cover is provided by NBS Legal Expenses Insurance, in which Phoenix Assurance has a 50 per cent interest.

It is available in three sections—prosecution defence, personal injury and accidental damage. The cover normally provides up to £5,000 of solicitors' and barristers' fees, expert witnesses' expenses and court costs in respect of any one incident with no limit to the number of claims in any one year.

TRIBUNAL OF INQUIRY ON CROWN AGENTS

Challis tells of board's deficiencies

THE BOARD of the Crown Agents had no real power and lacked real collective financial and investment expertise, Mr. Alan Challis, the Agents' former finance director, said yesterday.

Mr. Challis, who resigned in 1978, was giving evidence to the tribunal investigating the £200m losses incurred by the Agents after their 1967-74 involvement with secondary banking and property.

Mr. Challis said he could not emphasise too strongly that it was the inadequacies of the Board as a board of management which dictated his approach to it.

The appropriate course was to seek to run the affairs of the finance directorate with efficiency and integrity, working as directed to Sir Claude Hayes, who succeeded Sir Stephen Luke as head of the Agents in 1968, and then report to the Board.

He said that he consistently argued for a clearly defined corporate structure in which responsibility for conducting the affairs of the Agents would be vested in an executive board. He put forward proposals to this end.

In September 1973 in the few weeks before he left, he presented to the chairman and directors his "last will and testament"—an outline proposal for the incorporation of the whole of the Crown Agents' "own account" activities.

Mr. Challis was convinced that there was absolutely no possibility of the Crown Agents retaining their unincorporated status. He felt that their continued resistance to all proposals put forward (from Whitehall relating to the future status and structure of the Agents) would eventually result in the Agents having a solution imposed upon them. If that happened, he was sure it would be "not particularly acceptable."

But he found it profoundly depressing that the majority of his colleagues on the board were still believing, at that time, that the basic aim should be to retain the status quo. This was totally unrealistic and dangerous in a political sense.

Mr. Challis said he never had any problem in approaching Sir Claude as his superior. He did not find him forbidding and was never inhibited from consulting him. He did not find him rude, difficult or unapproachable when it was a matter of reporting to him. But he was inclined to behave very differently if there were other people present.

He had a high respect for Sir Claude's intellect and courage. Mr. Challis said that Sir Claude certainly did not leave the financial direction of the Agents entirely to him and he played an active part in the area of finance as the self-designated Crown Agent responsible. But Sir Claude had many other duties and interests.

Mr. Challis said he never withheld information from Sir Claude which he should have had. "However, while I should say that Sir Claude was kept fully in the picture as to the affairs of the finance directorate, he obviously may not necessarily have understood at all times the full significance of the figures and information he was given."

Mr. Challis acknowledged that generally his (Challis's) personal share in the decision-making and direction of the finance directorate was large. "I had a wide area of discretion."

But Sir Claude always had the right of veto over finance directorate matters. Mr. Challis said he had no reservations about his working relationship with Sir Claude. Although he could be difficult and irritating, this had no bearing on the matters now being investigated.

"That I found Sir Claude difficult to get on with in some respects, and that this was in a small degree a factor in my resignation, I would not deny."

Discussion

Asked to amplify his remarks, Mr. Challis added that it would be true to say that the way Sir Claude conducted affairs was more of a factor in his resignation rather than their working relationship which, on a personal level, was entirely satisfactory. The biggest and most important aspect of this was the

question of the constitutional position of the Crown Agents. After what seemed to be years of discussion, with the intention of arriving at a new constitutional position, they found themselves again talking seriously about trying to maintain the status quo.

Mr. Challis said that during the 1960s the Crown Agents began operating in a major way on their own account, and notably investment policy became "frankly adventurous" in certain areas.

As the former colonies became independent the very survival of the Agency was in serious doubt, but at no time did the Government grasp and make efforts to decide the problem of what to do with the Agents in the changed political circumstances.

The Office was financially in an extremely dangerous position. They had a very stark choice: either liquidate or find new means for survival. Mr. Challis added that the Government never encouraged the idea that the Crown Agents should liquidate—"our impression was that HMG much preferred the organisation to survive but it was left up to us to arrange the survival."

He felt, as did others, that the office was a valuable institution worth preserving and worth the effort of moulding for it a continuing useful function, both as a commercial organisation, in its dealings with the former colonies, and as, in some sense, a continuing part of the armoury of Whitehall in the field of overseas development.

Mr. Challis added: "I should also say that the whole question of HMG backing was thoroughly ambivalent right up to the time I resigned. I was sure that if the Crown Agents ever looked like going bankrupt, then HMG would have to stop in. But it in no way followed from that that the Treasury would be willing to underwrite the operating deficits of the office on a regular basis."

The inception of the "own account" activities occurred because the Crown Agents were on their own, in the sense that no financial backing was to be expected in any practical sense, whatever may have been the feeling about the Government's ultimate theoretical involvement in the event of bankruptcy.

The hearing continues on Monday.

Immigration fell by 5% last year

IMMIGRATION figures published yesterday in a Government White Paper show a decrease of 5 per cent in total acceptances on arrival in 1978 for all nationalities compared with the previous year.

Total acceptances on arrival were 34,000 compared with 35,750 in 1977. This fall was mainly due to a 10 per cent decrease in acceptances on arrival of foreign nationals with only a slight decrease in the number of Commonwealth citizens.

Within the total number of acceptances on arrival of Commonwealth citizens the largest increase, of one-third, to 4,050, was in the number of Bangladeshi citizens.

There was also an increase of 20 per cent of citizens of the Old Commonwealth countries (Australia, Canada, and New Zealand) with a grandparent born in the UK. But this increase was largely offset by a decrease of 1,100 to 4,600 in the total number of UK passport holders admitted, of whom 1,750, 300 fewer than in 1977, held special vouchers.

A further 35,350 immigrants were accepted for settlement on the removal of time limit, of whom 6,350 were citizens of India, 2,950 nationals of Pakistan and 2,950 nationals of the U.S. This category includes people who have been employed in the UK for four years or who are accepted because of marriage.

15 per cent up

The total accepted showed an increase of 15 per cent on the figure for 1977 made up of a 20 per cent increase in foreign nationals accepted, at 21,150 and a 5 per cent increase for Commonwealth citizens to 17,200.

Acceptances for settlement on removal of time limit in both 1977 and 1978 were affected by the introduction in March, 1977, of the amended rules by which men are no longer granted immediate settlement on marriage but instead generally have their stay extended for a period of up to 12 months.

The temporary drop in the number of citizens of New Commonwealth countries and of Pakistan recovered in 1978, the largest single increase being from 650 to 2,400 in respect of Indian citizens.

Control of Immigration Statistics 1978, Command 7665 HMSO, Price £1.75.

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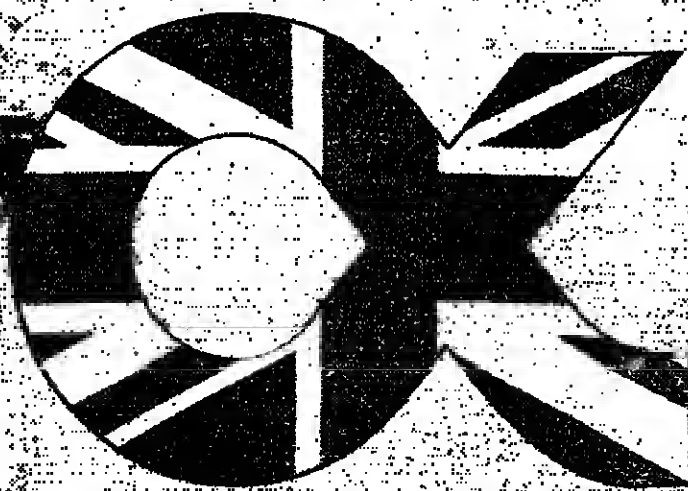


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# FINANCIAL TIMES REPORT

Friday May 18 1979

## Steel Coating at Shotton

### Europe's largest coating complex

By Roy Hodson

AFTER FOUR years of heavy losses the British Steel Corporation will start to harvest some of the fruits of its investment programme this year.

The £45m complex at Shotton, North Wales, for finishing strip steel with metallic and organic coatings is to be opened today by Lady Villiers, wife of Sir Charles Villiers, the chairman of the corporation. The series of coating lines has been brought into production quickly and smoothly and is already a highly productive unit.

In Scotland, the new deep-water iron ore terminal and the direct reduction plant at Huutorston is being prepared for formal opening in the near future. On Teeside, the 10,000-tonnes-a-day blast furnace—the biggest in Britain—will be lit this summer to provide the key-stone to a £400m investment on the south bank of the Tees that will provide some of the cheapest iron made anywhere in Europe.

In round figures, British Steel has experienced a £3m negative cash flow during the period 1975-79. £1bn of the money has disappeared in trading losses. The other two-thirds of the money may prove to be the salvation of the business. For it represents the

biggest capital investment programme ever undertaken in iron and steel by a European nation.

As the world steel market continues to look better and brisker (even the depressed producers of Western Europe look forward to exchanging losses for profits this year), the British Steel Corporation—financed by the taxpayer, it should be said—is in a specially favourable position.

It is completing its massive investment cycle involving expenditure of more than £500m a year at the very time when the markets are improving. The other steelmakers of Europe are now thinking about new investment to match the prospect of bigger and more profitable markets in the 1980s. But they are hesitant and are now finding it difficult to persuade the financial world that the iron and steel industry can provide a reasonable return upon capital in the future.

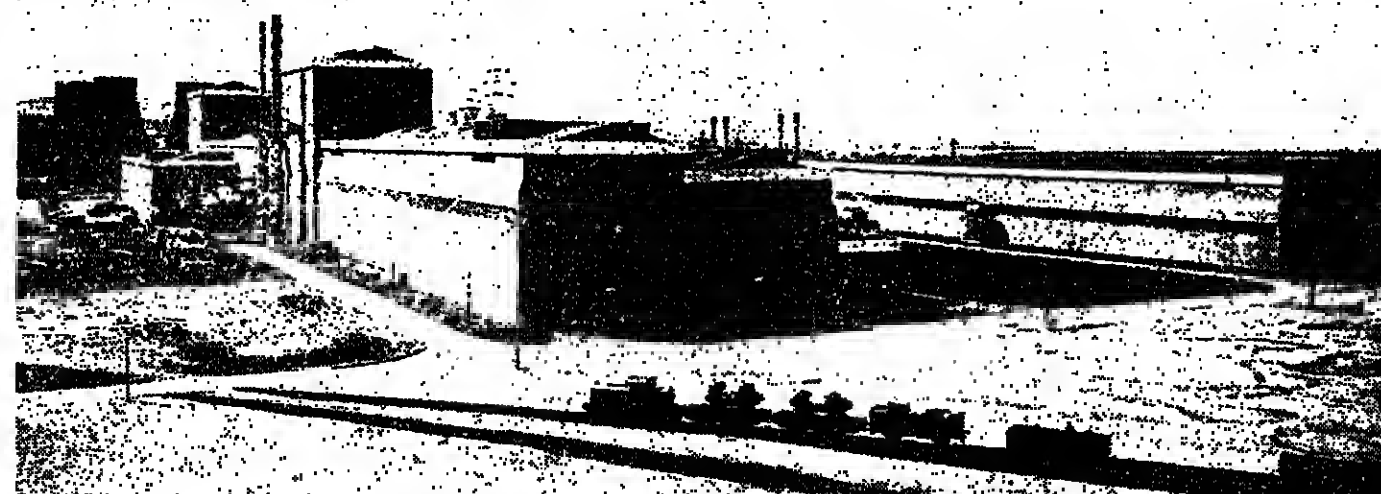
### Plans

The new UK Government is known to have plans for British Steel: plans designed to ensure that the taxpayer will not be responsible for further annual losses ranging as high as £440m a year on what is, after all, supposed to be a competitive manufacturing industry, not a State service industry. Yet, equally clearly, British Steel if properly managed can put its expensively won new production facilities to excellent use during the next few years.

Conceivably it can become the envy of other European steel companies which are soldiering on with ageing equipment and are unable to engage first gear for new investment rounds.

British Steel is big by world standards. Indeed, it is the third largest steel company in

The European market for coated steel is continuing to develop at a faster rate than steel usage, overall. Today's opening of the £45m complex for coating steel strip at Shotton Works, Deeside, North Wales, marks a major step forward in a strategy to win back strip steel business to British Steel.



The new development at Shotton adds 500,000 tonnes a year to the plant's capacity for coating strip steel

the western world with a productive capacity of some 22m tonnes of liquid steel a year. It ranks immediately after Nippon Steel (40m tonnes) and U.S. Steel (30m tonnes).

British Steel is also well equipped now that the new plant is being brought into use. The £2bn expenditure since 1975 has brought what Sir Charles Villiers, an old soldier, likes to call "excellent kit."

On the debit side of the ledger, British Steel's productivity is still poor. There are many more unions represented in each British Steel plant than in a comparable plant on the Continent. Most observers believe that is the corporation's main obstacle to greater produc-

tivity. However, great efforts are being made by the management to redress the balance and to cut out wasteful labour practices. All the plants recently commissioned—including the Shotton coatings lines—have been manned, after hard bargaining, to the most rigorous international manning standards practised in world steel-making.

Another problem for British Steel is that the corporation's management has still much to learn about marketing its products. The grand tradition of Britain's steel masters has been in steelmaking, not steel salesmanship. To his lasting credit, Sir Charles Villiers, a banker and businessman, has shown his

team how to survive in the market place.

Nowhere has British Steel suffered more from competition than in strip products (flat-rolled steel sheet) which is the speciality of the Welsh Division. Competition for sheet sales is severe and British Steel has been losing more than half its home market, at times, to imports.

Shotton's new coating lines are the crucial pieces in a strategy designed to win back strip steel business to the British Steel. The new investment in zinc coating lines and in lines for coating strip steel with paints and plastics enhance an already considerable coatings complex at Shotton. The site is now the most wide-ranging

complex for coating steels to be found anywhere in the world and the largest in Europe.

It gives added muscle to British Steel's previous investments in zinc coatings, in paint coatings, and in tinplate production, in South Wales.

Manufacturers who use sheet steel—in particular makers of vehicles and domestic appliances—are increasingly anxious about the high cost of painting or weather-proofing their products and thus are showing a growing readiness to consider using sheet steel pre-coated at the steel works.

Some domestic appliance manufacturers now manage to eliminate paint shops entirely from their production lines by

using British Steel sheet pre-coated with paint or plastic finishes. The car manufacturers are turning to steel coated with zinc on one side in order to reduce the onset of rust inside doors and body panels. In future, they may well opt for steel zinc-coated on both sides, or otherwise finished with a tough protection.

blast furnaces and antiquated open hearth steel furnaces making steel at such a high unit cost that the works has virtually no chance of making an overall profit.

British Steel would like to close the Shotton steelmaking side and provide the finishing line with steel made at other works round Britain. The workers at Shotton—a tight-knit clan fiercely loyal to their plant rather than to British Steel—ridicule any such plan. They say that the other plants in the corporation could not be relied upon to deliver special quantities of steel to Shotton in the right quantities at the right time. They have a case. British Steel has not shown itself adept at inter-works co-operation.

### Exports

The ability to coat large quantities of strip steel with zinc, paint or plastics, is British Steel's high road back to winning a dominant share of the British strip steel market and increasing its exports.

Now that the new Shotton facilities are in production, British Steel will be able to coat in various ways more than one-third of its total strip steel output of some 8m tonnes a year. That is a proportion of coated finishing to strip steel production that cannot be matched anywhere else in Europe by a major producer. It is probably unique in the world.

British Steel can make about 1.2m tonnes a year of tinplate after completing recent investment projects to modernise its facilities in South Wales. With the introduction of the new Shotton coating lines its capacity to produce organically coated steel (paints and plastics) and zinc-coated steel, rises from 1m tonnes a year to 1.5m tonnes a year.

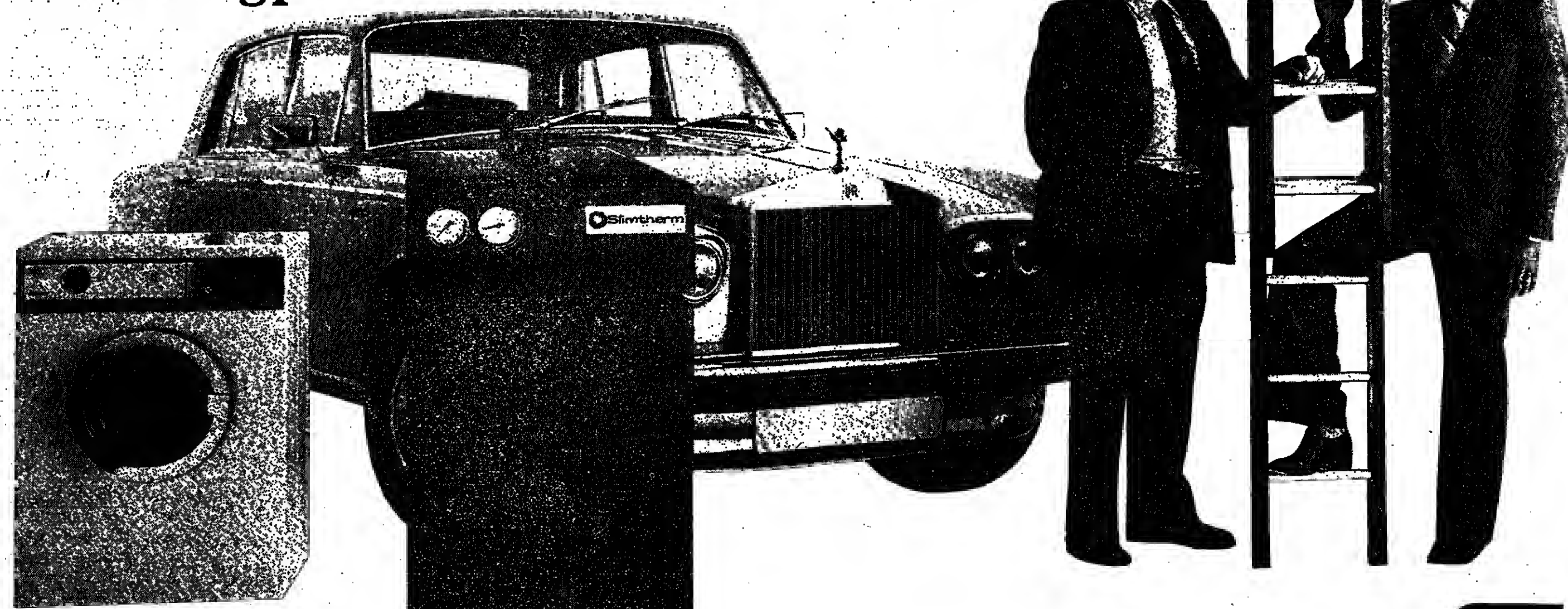
Shotton works, sited on reclaimed Dee estuary marshlands, is itself a curious animal. It could be likened to a new Porsche fitted with a Model-T Ford engine. The steel finishing and coating lines are among the best in the world and are highly efficient units, economically manned. But 5,000 of the works 10,000 labour force works on the other side of the plant on ageing

Mr. John Powell, the director of Shotton, has spent nearly seven years managing the development of the new coatings complex. Shortly, he is to move to another corporation post as director of the Associated Products Group. His successor will take over what is probably the world's best coating complex. The corporation may decide to feed Shotton with steel made elsewhere in Britain. Or it may be encouraged (depending upon the political and economic climate), to consider anew the provision of modern steelmaking at the works, so that Shotton can continue as a full integrated steel-works. The second possibility is remote but it exists.

Six months ago morale at Shotton was sagging because of the threat of early closure to the iron and steel side. The sparkling performance of the new coatings investment has transformed the atmosphere about the place. The success of the coatings scheme and the support it is being given by the work-force underlines the point that a steelworks can be something special: more than just a factory in fact.

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Frank and John? They run the Abru ladder company, typical of the go-ahead smaller manufacturers who have benefited from switching to coated steels. Like many other companies, big and small, national and international, Frank and John made the switch for three simple reasons: coated steel means better products, cleaner workshops and less wastage. To satisfy the rapidly increasing demand, British Steel—already a world leader in the new generation of coated steels—has opened a £44 million plant at Shotton, North Wales. The new plant, Europe's largest, further boosts

modern facilities in North and South Wales already supplying the world with high-quality coated steels. Colorcoat, pre-finished pre-painted steels; Stelvetite, a pre-finished plastic-laminated steel with a choice of decorative finishes; Zintec, the electro-zinc coated steel; and Galvatite, top-quality hot-dip galvanised steel. Let British Steel's designers and technical experts help you make more successful products, more economically. With BSC coated steels.

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**Colorcoat.** "We cut out the paint shop—and get a better protected, attractively finished product."  
**Heat Transfer.**  
**Stelvetite.** "Strong yet light in weight—with a finish that adds to the appeal of the product."  
**Frank Abbey and John Bruton, Joint Managing Directors, Abru Aluminium.**

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# Major importance to region

NOT FAR from the new £45m colour coatings centre at the British Steel Corporation's Shotton Works, on land formerly reserved for steelworks expansion, a group of factory buildings is beginning to take shape. Some of them are already fitted out by their first occupiers; others are still at the steel skeleton stage.

The Deeside Industrial estate, as the complex—alongside the main road into North Wales—is known, is a reminder that even with the latest investment at Shotton, the area is faced with the formidable task of finding large numbers of new jobs to cope both with existing high levels of unemployment and with possible major reductions in the work force yet to take place at Shotton itself.

The new finishing complex consolidates the position of Shotton—John Summers works before nationalisation in 1967—as one of the most important centres in the world for the production of zinc, plastic and organic paint-coated steels. Total annual capacity in all these products—widely used by the motor, domestic appliance, building and other industries—has now been lifted to more than 800,000 tonnes.

The showdow which remains over Shotton, however, is the possible closure some time in the 1980s of the iron and steel-making plants, employing about half the 10,000 workers on the site. British Steel, which already has closed a large number of older works inherited when nationalisation took place, announced in 1977 that no decision would be taken before 1982.

After that date it is likely that Shotton's heavy end will be closed as part of the policy of concentrating production at five coastal sites chosen for major investment. Shotton's finishing complex would then be supplied from another works, probably Ravenscraig in Scotland.

Ever since the closure proposal was first mooted in a White Paper in 1973 there has been strong local resistance, and the idea that the closure is inevitable is still far from gain-

ing even reluctant acceptance. The main concern is over the effect on jobs in the immediate area, but the spin-off effect on a much wider area embracing parts of Merseyside also could be significant.

Clwyd itself has 9.6 per cent male unemployment, exceeded in Wales only by neighbouring Gwynedd. In the Deeside area, where three-quarters of the labour force live, British Steel provides 22 per cent of all jobs. About 11 per cent of the workers at the plant come from Chester and a further 6 per cent from Merseyside, with the remaining 10 per cent commuting from Wrexham.

Loss of steelmaking would also have knock-on effects in other industries and among suppliers. The 700-man Bersham Colliery near Wrexham—one of only two remaining mines in north-east Wales—supplies coking coal to Shotton and it might not be economic to transport the coal to more distant steelworks. The loss of revenue from iron ore imports might also jeopardise Birkenhead Docks.

Against a background of changes in world trade patterns and cargo-handling methods, Mersey Docks and Harbour Board is already finding it difficult to utilise its existing dock capacity on the other bank of the Mersey at Liverpool. At present about 100 dockers are employed on iron ore banding at Birkenhead out of a total of 800 in the port.

## Problem

Within the immediate area the loss of steel-making jobs would come on top of an earlier cutback of about 2,000 in the finishing complex, at Shotton from 1974 on, and at a time when more school leavers are joining the search for jobs as a result of inward migration into the county of Clwyd during the more prosperous 1960s and early 1970s.

In Deeside itself one of the other main industries, textiles, has also been contracting. There has been one of the main UK bases for Courtauld's production of the cellulose wood-pulp-based fibres, viscose and

acetate. With the market for these fibres being eroded both by imports and newer synthetic fibres, Courtauld has scaled down production. A total of 2,000 jobs were lost between 1973 and 1976 and the more recent closure of the company's Castle works at Flint has cost a further 1,500 jobs.

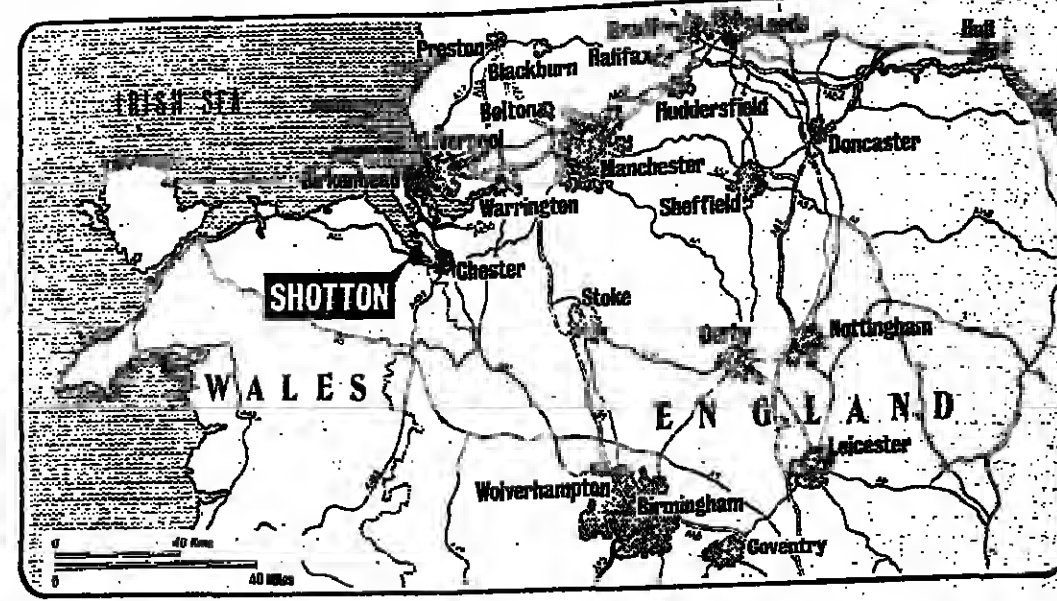
Fortunately for the area, the other main pillar of the economy, the aerospace industry, is more buoyant. The Broughton works of British Aerospace (a former Hawker Siddeley factory) manufactures the best-selling HS125 executive jet, and the wings for the successful European A300 and A310 Airbus. Though some jobs have been lost as a result of rationalisation at Broughton, there is now the prospect of an expansion of possibly 1,000 jobs, many of them in skilled trades.

Clwyd, like other older industrial regions in the U.K., finds itself faced, therefore, with the task of bridging the gap between two different eras of industrial employment—the older labour-intensive processes of steel, coal and textiles, and the newer, more capital-intensive processes which have taken their place.

Mr. Wayne Morgan, Clwyd's industrial development officer, says: "In terms of capital, land, educational back-up and other infrastructure services, new industries make much greater demands than those they are replacing, yet the contribution they make in jobs is far less."

Clwyd's approach to its particular set of problems has been first, to resist resolutely any implicit acceptance of closure of steel-making at Shotton and to continue pressing British Steel very strongly for further investment. The principal argument has been the commercial risks which, it is claimed, the corporation would run in shutting down steel-making at a works which has a largely unblemished record of industrial relations, a string of performance achievements to its credit, and strong loyalty by its customers.

Supplying the works with hot-rolled coil from Ravenscraig would leave the corporation and its customers vulnerable to labour disputes at the Scottish plant or on the rail network, apart from any other problems which the 200-mile journey might create. In turn, any supply problems would encourage customers to turn to overseas



The location of the British Steel Corporation's Shotton Works at Deeside, Clwyd, North Wales

sources of supply and might eventually jeopardise the finishing operations at Shotton.

Instead, the county is arguing that Shotton should be considered a special case for investment alongside the five major steel centres already selected by British Steel. Retention of Shotton, it is argued, would give the corporation a plant capable of reacting flexibly to customers' requirements in a way the other bulk output plants would not be able to achieve. Shotton itself has one capacity currently to produce more than 500 different items.

Whether this line of argument will succeed is not likely to become clear for another two to three years but in the meantime the other element in the county's industrial strategy—attraction of inward investment—is proceeding and, indeed, producing results. The past 10 years have seen a major concentration of efforts on Wrexham, badly affected by a reduction of about 80 per cent in mining jobs since the late 1960s. Important employers attracted to the town have included BICC, the cables group, Firestone, the tyre and rubber products manufacturer and, most recently, Kellogg, which has made Wrexham the main manufacturing centre for some of its breakfast cereals.

However, the rise in unemployment on Deeside, and in other parts of the county such as Rhyl (where male unemployment is 16.7 per cent),

has now made necessary a much wider effort, the results of which have been encouraging. A buoyant level of demand for small to medium-sized units has resulted in all advance factory space in the county being taken up and at present available accommodation is limited to major units that have been vacated, such as Courtauld's Castle works.

A new allocation of advance factory accommodation to the county has been made by the Welsh Development Agency, but until this does become available the county has the task of making sure it maintains the interest of potential developers in Clwyd as a location.

## Expansion

In total, according to Mr. Morgan, 70 new companies have come to the area over the past two years, while 30 indigenous ones have also expanded their operations. Though the reasons for moving vary from company to company, the county evidently is benefiting from the preference among industrialists for smaller communities rather than big cities, where labour and other difficulties are more likely to be encountered.

At the same time Clwyd has the advantage of being close to major ports, airports and the main motorway network, and is well placed to serve the major markets of north-west England and the Midlands.

At Deeside Industrial Park,

next to Shotton, BSC Industry, a company set up to attract investment to steelmaking areas, has allocated 55 acres to the Welsh Development Agency for advance factories, where about 2,000 to 25,000 sq ft are currently being built.

BSC Industry itself is developing another part of the site with factories for sale, and, according to Mr. Peter Summers, its director at Shotton, so far has obtained firm commitments for factories on 10 plots ranging from one to nine acres in size with a total job potential of 800-1,800.

Many of these jobs may not be available until some time after incoming companies have set up operations, a point which serves to emphasise the effort now required to create even a few jobs. Yet, as has happened already in steel and textiles in Deeside and coal mining in Wrexham, hundreds or sometimes thousands of jobs can be lost with one decision.

The efforts by the county, by British Steel, the Welsh Development Agency and other agencies, are being undertaken nevertheless amid signs that the demand is there. Given growth in Britain's economy, and the avoidance of further big closures, Clwyd seems likely to continue making inroads into its jobs deficit. However, the future of steelmaking at Shotton remains the key.

Rhys David

## CONGRATULATE BSC, SHOTTON ON THE OPENING OF THEIR NEW COATINGS COMPLEX

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Proof indeed that Bronx have always been in the fore front of international development.

## Plant's capacity doubled

COATED STEELS have been a speciality of the Shotton Works from the early days of its ownership by the Summers family.

Hot-dipped sheet galvanising began there in 1896. In the 1960s, painting of steel on a galvanising line was introduced. A primer was added to the galvanised strip and the product was marketed as Galvaprimé.

Meanwhile, in 1953, the company began production of electro-zinc plating and by 1960 was making 2,000 tonnes a week of that product which provides resistance to corrosion during fabrication of the steel.

The most adventurous Summers investment in coated steels, however, was the introduction of plastic-coated steel in 1957. When Stelvetite was introduced, the company was swamped temporarily with 10,000 inquiries for jobs.

The British Steel Corporation decided soon after nationalisation that Shotton was the logical centre for their expanding business in coated strip. In South Wales, the process of coating strip with paint at the steelworks was already being developed and was given the trade-name Colorcoat by Mr. John Powell arrived at Shotton, in 1973, as director of the works, a policy decision was made by the BSC board to make a major capital investment at Shotton in modern lines for all the major processes—the two forms of galvanising, and Colorcoat paint and plastic finishes.

Ultimately, the cost of the three new lines was in rise, with inflation, to £43m. The plant's coatings capacity has been doubled to more than 800,000 a year and it now has the widest coated products range of any European steelworks.

The new lines complement four existing continuous hot-dipped galvanising lines, two Zintec electro-zinc plating lines, and a Stelvetite plastic coatings laminating line. About half of Shotton's 20,000-tonnes-a-week (or more) output of sheet steel is now being sold in coated form.

The new Colorcoat line makes British Steel the world's biggest producer of organic coated steel strip. It adds to existing Colorcoat capacity at Brynnewyn, near Swansea, and Trefarnbach, near Tredegar.

The line can coat strip steel with all the available coil coating paints, including pvc, polyesters, silicone polyesters, acrylics, alkyds, polyethylene fluorides, and the American-designed Zincometal process. Painting speeds are up to 100 metres a minute. Coils of up to 33 tonnes can be handled.

The strip steel is prepared for painting by passing through a series of processes including the first electrolytic cleaning

system used on a European line. Paint is supplied from a paint "kitchen" where it is mixed under laboratory control to obtain the right viscosity for application. After the strip has passed through the paint rolls, it is oven-dried and cured.

Paint changes involve shutting down the line so primer paints are changed as infrequently as possible. A system of alternative finish coats for the final layers of paint will enable the line to continue working while one paint operating head is being cleaned and the paint changed.

After the finishing oven, the painted strip passes through an embossing stand. That equipment can apply decorative finishes to think paint layers giving a textured effect to the painted steel.

Shotton is the only British works making electro-zinc plated strip steel—called Zintec by British Steel. The new Zintec line at the works more than doubles capacity to some 330,000 tonnes a year. Zintec is an important product in the corporation for it is being chosen as the base material for many consumer durables where a light protection of interior surfaces is required.

The basic process to make Zintec is that mild steel strip is electrolytically depressed and pickled in acid. It then passes through eight vertical plating cells where the zinc coating is applied on both sides of the strip at the same time.

Finally, the strip is either chromated or phosphated. This is the first line installed by British Steel using the vertical cell system. One of the major advantages is that it eliminates the need for "down time" to change worn zinc anodes. It is also easy to adjust the anodes to suit the width of the strip being processed.

Every coated coil is then subjected to laboratory tests to make sure that coating standards have been reached. The new high-speed hot dipped galvanising line at Shotton is one of the biggest in the world and has already shown itself able to outstrip its design output by more than 1,000 tonnes a week. In one week of exceptional production the line has made nearly 6,000 tonnes.

The design includes a vertical furnace for strip cleaning and annealing—the first time that such a furnace has been installed in Britain. Plant in Japan, the United States, and Australia was studied before the final design for the line was chosen.

Samples are taken from incoming strip before the coils are put on to the galvanising line. Both wet chemical and X-ray systems are used to determine the thickness of the zinc

coating, and it is also tested by mechanical methods to ensure that it is tightly bonded to the steel strip.

Finally, micro-examination, tensile, hardness, and ductility tests are carried out to meet various, optional specifications for galvanised steel.

About 10,000 tonnes of cold reduced mild steel strip in coils weighing up to 32 tonnes will be taken each week from the Shotton cold strip mill to the new coatings complex when the new lines are working flat out. A coil carrier fleet has been built to provide a shuttle service. It consists of three tractor units and eight trailers capable of moving 70 tonnes of coil on each trip.

Most of the steel will come from the Shotton computer-controlled five-stand tandem cold reduction mill which is among the most modern in the world. More than 12,000 tonnes of coils can be stored ahead of the three coating lines. A system has been devised whereby each coil is directed to its own bay on a grid. Control is by a computer.

The new coatings complex is housed in blue and white painted buildings on reclaimed

Dee marshland. There is room in the lay-out for three more lines to be built if market growth calls for extra capacity.

British Steel has made good use of its own products in the construction. Some 8,000 tonnes of structural steelwork was erected to form the seven bays and four ancillary buildings of the coatings complex. The sides and roof of the buildings have been clad in Shotton's own acrylic film coated product Stelvetite KG. Some 66 miles of standard width sheeting were used in the buildings.

The European market for coated steels in all forms is continuing to develop at a higher rate than steel usage overall. For instance, Colorcoat usage in Europe has risen from under 300,000 tonnes a year to some 700,000 tonnes a year during the 1970s. Now that Shotton is the acknowledged centre for British Steel coatings and can handle the whole range (except the speciality product, tinplate) there is confidence in the fact that this new development will be followed by others at the works.

Roy Hodson

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# All set to capture new markets

MARKETS FOR coated steels are growing rapidly in most of the developed nations. The reason is not hard to discover. The painting of steel products is a time-consuming process, and when carried out on a manufacturer's production lines it is also an expensive one in terms of capital tied up in equipment.

Furthermore, the process involves outlay in safety and air cleaning plant to comply with health and safety at work regulations in many nations.

A growing number of manufacturers and constructors are discovering it can be cheaper and more efficient to use steel pre-coated at the steelworks.

Galvanised steel has been a popular material throughout this century and appears to have a good future. Motor car manufacturers, for instance, are now exploring its potential for longer-lasting bodies.

Electro-zinc coated steel which has a very thin coating of zinc compared with galvanised sheet is a growing favourite among appliance manufacturers and is now found in many washing machines and refrigerators.

**Growth**  
Manufacturers are still hesitant about large scale usage of the works-painted steels such as British Steel's Colorcoat range but all the signs are that this is likely to be a market sector with explosive growth in the 1980s.

Finally, there are the true plastic-coated steels. Some are made by the Colorcoat process using liquid plastic applied to the steel sheet. Others are produced by the Stelvetite method of laminating a plastic film to the steel with an adhesive.

The plastic-coated steels are finished decorative material which is finding a host of new uses in car interiors, office equipment, building, domestic furniture, even household doors and window frames.

Although plastic-coated steel can cost up to four times as much as unfinished steel sheet, the manufacturer can obtain value for money. Some of the speciality finishes now offered

by British Steel include a suede texture, a metallic effect, simulated wood grain, and even an aluminium effect which might be said to be closing the competitive circle between steel and aluminium.

British Steel maintains a research and development laboratory specialising in coated products next door to the Shotton steelworks. Dr. M. A. Adams, the manager, is leading a programme which has survived unscathed despite British Steel's recent cutback on research and development.

The market potential of the coated steels in the 1980s is seen within the corporation to be so great that it is one research area where work must continue in order to keep a competitive edge.

Dr. Adams claims that British Steel is one of the relatively few big producers of organic coated steel (paint and plastics finishes) in the world to have successfully met the challenge posed by the high-speed manufacturing methods and the designs of the domestic appliance manufacturers.

The first domestic appliances made from Colorcoat—steel painted while in coil form—are now starting to appear in the shops. British Steel researchers believe the Colorcoat plants will have proved their effectiveness if those products are not recognised by consumers as in any way different from appliances painted in the traditional way.

The new British Steel organic coating line at Shotton can be used also to apply the American Zincrometal process. So far, no decision has been made to put Zincrometal steel sheet into production, although the corporation has held a licence for some time from the American inventors, Diamond Shamrock.

But Zincrometal has already had an important impact upon the U.S. automobile industry and the European car makers are taking a keen interest in it.

Basically, Zincrometal is a painting process by which a primer and a top coating of zinc-rich paint can be applied to sheet steel on a production line. The process has the



Coils of assorted coated products await despatch to customers from one of the stocking bays at Shotton

special advantage that the coated sheets can be welded to secure a good joint without impairing the effectiveness of the corrosion resistant finish.

Detroit manufacturers are now using more than 1m tonnes of Zincrometal a year for car body applications where a corrosion-resistant inside surface is important. The other side of Zincrometal sheet is untreated to enable a high gloss car finish to be obtained.

However, there are other ways to check corrosion in vehicle bodies. For instance, Shotton is making electro-zinc galvanised steel treated on one side only. That product could become a popular choice among European car manufacturers.

### Trends

In the longer term, the steel researchers in British Steel think the car-makers will have to look for more substantial protection for bodies and chassis than either paint or thin zinc coatings. Rising energy costs are likely to dictate new policies to ensure that cars become not only more economical, but last longer without being attacked by corrosion.

The ultimate solution may be fully galvanised car bodies made from hot-dipped galvanised sheet able to afford protection inside and out. British Steel would be well equipped to supply best-quality galvanised sheet from its new Shotton line.

The trouble with galvanised sheet is that it is difficult to obtain easily the high-gloss paint finish to which car owners have become accustomed during half a century of sales room promotion. But it can be done. Porsche has recently produced a body completely manufactured from galvanised steel.

The advantage of galvanised

steel over other methods of steel protection is that the zinc in the galvanising layer can actually protect the cut edges of the steel from corrosion by means of sacrificial action. No other coating offers that bonus.

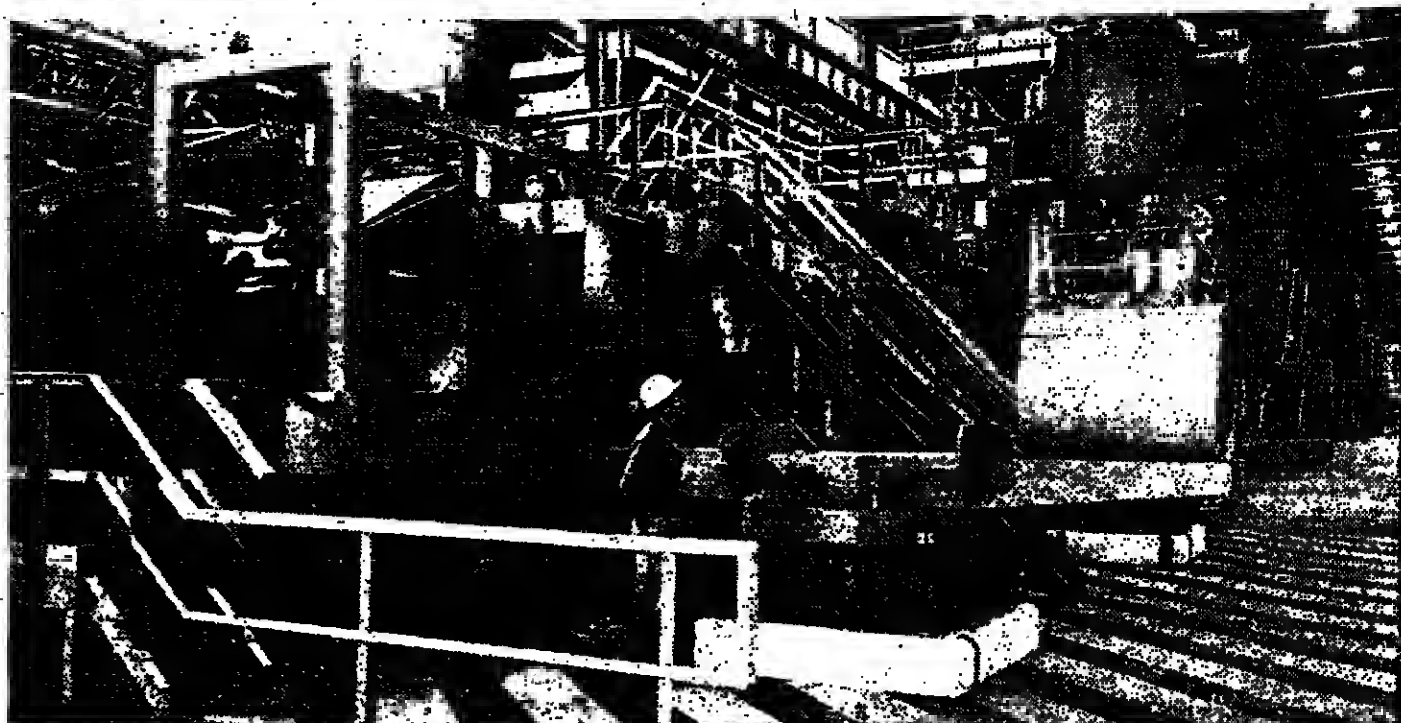
Meanwhile, at Shotton one of the most promising markets seen for coated steels generally is the construction business. The paint and plastic finishes are becoming increasingly popular for exterior cladding of buildings and for doors and other fittings. When coating steel for exterior use British Steel prefers to use strip that has already been galvanised. Thus, the metal has a double protection for long life.

Apart from the convenience of using pre-coated steels in industry and in construction, the health and safety benefits conferred by the materials are likely to become an increasingly important factor encouraging their use.

It is much easier to contain and control the problems of inflammable or toxic fumes on a production line in a steelworks than it is in a factory paint shop. The new liquid coating line at Shotton has facilities for totally incinerating the solvent vapours arising from the paint-drying operation. The heat gained is then used in another process on the line.

British Steel is backing all the horses in the coated steel race. Whichever form of coatings ultimately prove to be the most popular choice of consumers, the corporation will be able to supply. Having spent more than £100m altogether in recent years on a range of new coating lines, including tinplate, zinc, and organic coatings, British Steel has the capacity and the flexibility to supply fast-changing markets.

R.H.



A coil of organic painted strip steel is moved off the turntable at the exit end of the No. 1 Colourcoat line in the £45m Coatings Two complex at Shotton

British Steel Corporation  
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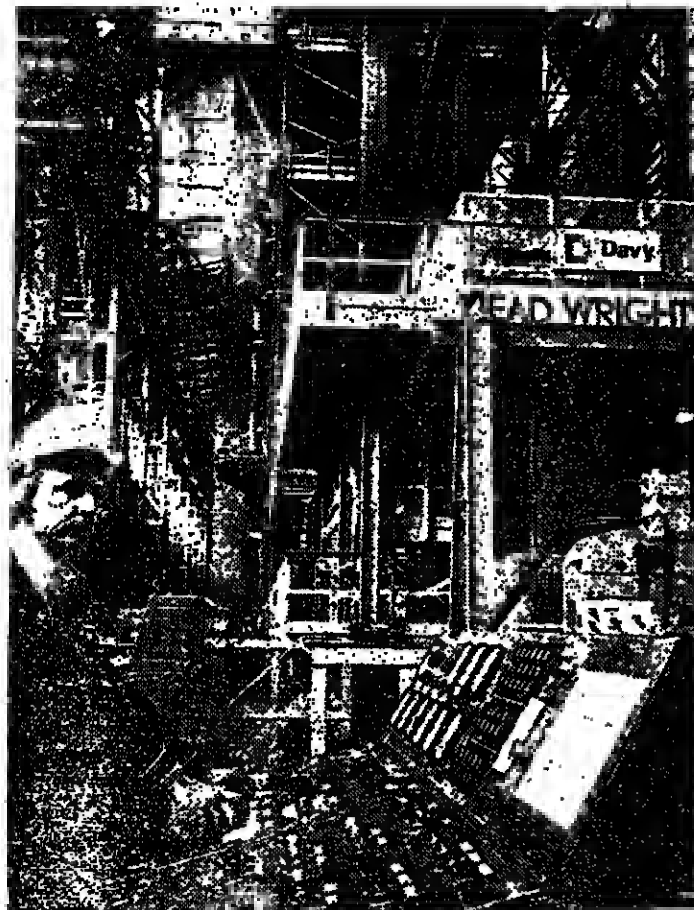
GALVAPRIME  
hot dipped  
galvanised  
strip  
prime painted

COLORCOAT  
organic  
paint coated  
strip

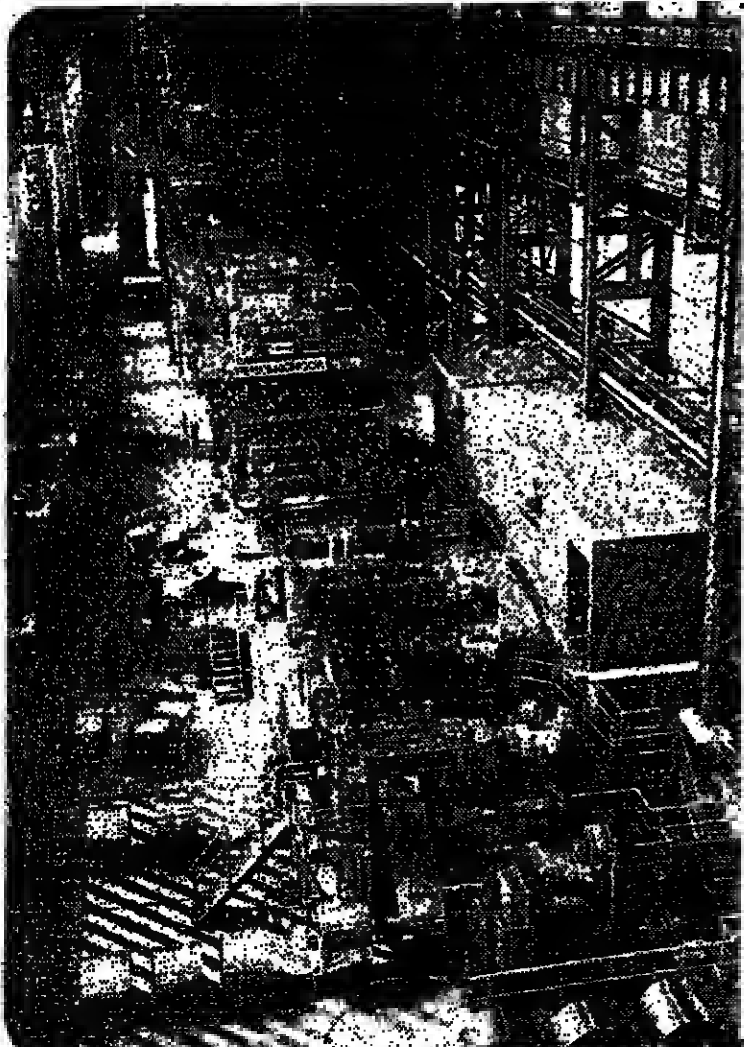
STELVETITE  
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SHOTTON  
Deeside, Clwyd

Today marks the official opening of the new £45 million Coatings II Complex at Shotton which more than doubles the work's capacity for coating strip steel to 800,000 tonnes a year, and establishes it as the premier coatings centre in Europe.



The entry end control desk on the No. 5 hot-dipped galvanising line at Shotton



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# Amsterdam exodus brings big market changes

Amsterdam May 17

THE EXODUS from central Amsterdam continues, bringing with it fundamental changes in a property market which in the last few years has become accustomed to wild fluctuations.

A combination of circumstances has brought office development in the city's heart to a standstill, a trend which until now has been cushioned by a huge oversupply of space. Demand however is again rising. With lettable space in the centre hard to find and even internal refurbishment often made difficult by controls many companies are heading for the suburbs.

Amsterdam has always had a planning-development problem with its canals, narrow side streets and cramped buildings—many of which enjoy a measure of protection because of environmental factors. But there is no doubt that the situation has now reached a point which could have serious repercussions for the health of a city which already has severe financial problems.

The latest decision by the "anti car" city fathers to make vehicular access between the new inner ring road and the old docks much more difficult is being greeted as the "kiss of death" for the centre by some and as a long overdue relief by others. It is hardly likely to do the central office market much good though such is the reputation of the main shopping streets

that few retailers expect to be hit.

There will clearly always be a useful office market in the centre with sufficient large companies anxious to maintain at least a presence in the area and numerous smaller ones unwilling to go elsewhere. Just how keen some companies will be to stay in the middle is underlined by the terms of some deals just struck on one of the last new prime office developments in the central area, close to the Rijks museum.

The twin blocks sit on the edge of the new ring road and are one of about six sites once owned by the Philips Pension Fund and sold to Mr. Anneus Brouwer and the Realcredit German bank. The 16,000 sq. m. complex has been pre-let in lots at 350 guilders a sq. m.—as much as 100 guilders above rentals recently achieved for anything other than small packages of prime space.

The development is just around the corner from another of the last prime sites in the centre, situated in Vrijzelgracht in the banking quarter. Work is now under way—after a 15-year wait for a building permit.

But for many companies Amsterdam centre is no longer attractive. Agents such as Pierre Reuchlin of Richard Ellis say that, faced with a shortage of modern efficient accommodation they have turned to outlying districts

where curbs on development are less restrictive and modern space is being rapidly provided.

At present the Diemen district is at the centre of a construction mini boom and has become the agents' darling with many organisations traditionally located in the centre of Amsterdam moving out to take accommodation. The AMRO bank for example is moving there to set up new headquarters.

Apart from the prospects for demand, development activity is being encouraged because freehold purchases are more easily obtainable and more attractive to investors than the 50-year leasehold—indexed ground rent deals often found further in. Land is also generally no more expensive, so rental differentials are not as high as might be expected.

Other large space users, such as the NMB bank are going to places like neighbouring Bijlmermeer—opened up with the construction of a very expensive metro link due to run north to Amsterdam's central station and which so far has reached Waterloo Plein. Some "overspill" locations such as Amstelveen are already virtually full.

Areas such as Diemen are considered to have only a few years further expansion ahead of them. It is, according to people like Michael Snarey of Jones Lang Wootton, their success or failure which could

decide trends in the inner area, now moving rapidly from over to under supply and nurturing rental expectations of sound growth over the foreseeable future.

Until much of the space in the suburbs becomes available this seems likely to be the case with only about 50,000 sq metres of inner city space now available against a take-up last year of around 125,000 sq metres and a recent average annual take-up of about 100,000 sq metres. Rental growth could average about 10 per cent per annum in the next two to three years.

In Amsterdam's retailing sector the future looks encouraging, with demand for space in prime, pace-setting streets like the Kalverstraat still fairly strong. Rentals of about 1,500 guilders per sq m are being achieved for average 100 sq m units though there is thought to be rather more space available than is widely recognised.

The sensational periods of rental growth seen here in the past have given way to a steady pattern of increases which should continue.

The prospects for property investment in the Netherlands are good with the weight of institutional finance available for development going into Dutch property in preference to the foreign markets.

Present yields vary from 5 1/2 per cent to 6 1/2 per cent for central modern offices and in some cases even sharper returns have been achieved. The same yields are applicable to prime located shop properties.

● PERHAPS the ultimate in planning delays in a city where such things are considered unavoidable is the story of the prison site close to the Leidseplein, a location which the inmates might not have appreciated but— which most developers would readily take on.

Take on, that is if a permit for development was ever forthcoming. After no less than 18 years of discussions, although the prison has only recently fallen empty, the future of the site is still undecided. Final moves look as far away as ever.

The municipality wants to turn the area into an arts-recreational centre with theatres and restaurants and to include subsidised housing. A plan to lease the land to build five towers of interconnected flats and offices has been put forward by Bonwea-Wilma, a joint financing-contracting consortium being advised by Richard Ellis but reaction has been distinctly cool.

The chance that the city, whose coffers are somewhat less than bursting, may be forced by the State to consider such a potentially rewarding deal is seen as the only way that the



The Singer and Friedlander European Property Trust, a consortium of major UK pension funds, has acquired a shop investment in Amsterdam's main shopping street for about £1.2m, providing a net yield of about 6 per cent.

The property, 153 Kalverstraat, has been let for ten years to a subsidiary of the Wallis Fashion Group—which bought the store, and the deal was then refinanced—providing the trust with its first outlet in Holland. It has a retail area of about 3,700 square feet.

The trust's other properties in Holland include two shops in Eindhoven and an office building in Herengracht, Amsterdam, which is now being refurbished and which has been pre-let to the Amsterdam-Rotterdam Bank. Also represented the trust while Edward Erdman advised Wallis and Bolle en Compagnons represented original vendors, Focke and Meltzer.

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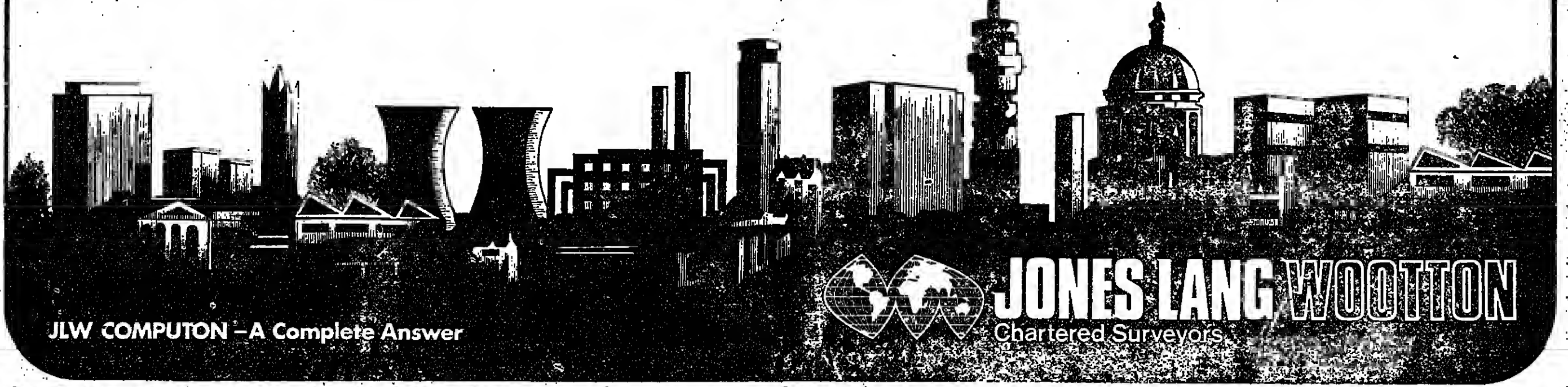
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**APPOINTMENTS**

**Sir Henry Plumb to join Lloyds Bank**

SIR HENRY PLUMB has been appointed a member of the boards of LLOYDS BANK and LLOYDS BANK UK MANAGEMENT LIMITED from June 1. Sir Henry, who is a Deputy Lieutenant of Warwickshire, is past president of the National Farmers' Union and was formerly chairman of the British Agricultural Council. He recently became a non-executive director of United Biscuits (Holdings).

division will be merged into one division under the chairmanship of managing directorship of Mr. Hardy.

Mr. T. W. Buckland and Mr. W. T. Seward will be taken into partnership with PHILLIPS AND DREW, stockbrokers, on June 1.

TRUST HOUSES FORTE has made the following senior appointments: Mr. Dennis Heaton to be operations director, working closely with Mr. Eric Hartwell, group chief executive. Mr. Heaton will be succeeded as managing director, Trust Houses Forte Hotels by Mr. D. Leach and Mr. G. Pecorelli, as joint managing directors. Mr. Leach is at present managing director of the UK and Ireland division of Trust Houses Forte Hotels and Mr. Pecorelli is managing director of the London and international divisions of THF Hotels.

Mr. Philip Laycock has been appointed sales and marketing director of HILLS (PATENTS). Formerly the company's sales manager, Mr. Laycock is the present chairman of the Number Plate Manufacturers' Association.

Mr. Norman Hamuel has joined the MANAGEMENT RECRUITMENT AND EXECUTIVE SEARCH CONSULTANTS, SECTION THOMSON, to run its London office. He was until recently personnel director of the Spur Group of food companies in the UK.

Mr. Brian Baker, managing director, Anchor Vending Services, Brentford, a member of the Anchor Group, has been elected chairman of the AUTOMATIC VENDING ASSOCIATION of Britain for 1979-80. Mr. Harry Turnbull of Polyvend, Harrogate, has been re-elected treasurer of the association for a further year.

Mr. Cedric Brown, assistant director of operations at BRITISH GAS headquarters, has been appointed director (operation) in the production and supply division.

Mr. Edward Buret, a director of Brook Street Bureau, has been elected chairman of the FEDERATION OF PERSONNEL SERVICES.

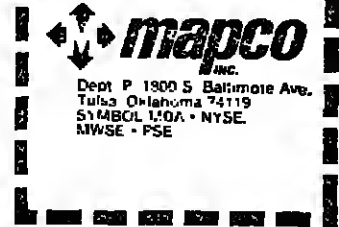
Mr. J. D. Mansford has been appointed director, metal procurement, for IML while Mr. J. B. Devlin has become manager—metal procurement. Mr. J. F. Tve has been made manager, IML contracts department, responsible for negotiating contracts for the purchase of major selected items on behalf of all IML companies.

Mr. J. B. Sherriff and Mr. A. K. Woods will join the board of COUNTY BANK on July 1. Mr. D. M. Corbridge, Mr. A. J. Hennessey-Brown and Mr. R. C. King are appointed assistant directors from the same date. Mr. A. R. Deacon is to resign from the board on June 30 to become chief executive of an industrial investment company jointly formed by him together with Mr. P. C. Harris and Mr. H. R. Sykes, respectively chairman and deputy chairman of HARRIS QUEENSWAY GROUP.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PROCESSING

### Aids recovery of useful materials

ECOLOGICAL Engineering has increased its waste-processing capability with reverse osmosis systems from Osmonics Inc. American company specialising in waste water treatment and the recovery and re-use of constituents of process streams.

An advantage of a system from Ecological is that the complete reverse osmosis unit, including the membrane, is designed and manufactured by one company. This eliminates the divided responsibility problems which can arise when plant incorporates a bought-in membrane. Another advantage is that control of solids in the input flow is not as critical as in other systems, because the membrane can be cleaned by

flushing or by chemical methods. This membrane will tolerate chlorine, so chlorinated water can be used to prevent biological fouling.

Typical applications include reclamation of valuable metals from plating and photographic processes, separation of plating salts, reclamation of rinse waters for re-use, detergent removal, lowering total dissolved solids in waste water, juice concentration in the food industry, and separation of enzymes.

Ecological Engineering is capable of designing the total treatment system including any necessary pre-treatment plant, pipework and tankage.

Further from Ecological at Hulleigh Road, Macclesfield, Cheshire. 0625 26238.



### Sprays without polluting

FURANE RESIN, used increasingly now in the UK for a wide range of GRP applications in corrosion prevention, fire control, and solvent and acid resistant coatings, has unique physical properties but, unfortunately, is very unpleasant to dispense because it employs a highly corrosive acid catalyst.

Difficulty in finding suitable dispensing equipment in the past had meant that laminating has had to be done by hand, using time-consuming hand lay-up methods with all the environmental problems for the workers.

Mechanised equipment has now been introduced by CT

(London), 3 Hobart Place, London SW1 0HW, called Venus H.I.S., whose dispenser has a special corrosive resistant catalyst hose which enables it to handle resins without difficulty.

Controlled spray pattern from the gun, and the Venus low pressure airless spray, keeps pollution in the working area to a minimum, says the company, and a further advantage of this development is that it allows existing Venus units to be adapted for use with furane.

System has been developed by Venus Products Inc., of Kent, Washington, U.S. but is available in the UK from CT (London).

### Fast marking and labelling

TWO developments are announced by Helix Labels and Systems for improving the marking of items on the move.

The Helix-Aire 23 for applying self-adhesive labels by jets of air is equipped with micro-processor - controlled variable speed unit which determines the speed of the product and calculates the compensation time for correct placement of the label on the product, irrespective of variations in the speed of conveying. As a result the label is always placed in approximately the same spot on the product.

The company has in addition acquired the distributorship for the Swedot 1100 ink overprinting system. This will print characters between 20 and 70 mm by spraying ink through valves and nozzles, in various positions, without touching the object, and while the object is in motion at speeds up to 1.5 metres/sec. Data input can be from devices such as scales, routing computers, sorting systems or production control computers.

More from the company at 945 Ipswich Road, Slough. (0753 32212.)

## INSTRUMENTS

### Tells when a circuit is healthy

PUTTING UK design ability very much on the map in terms of modern logic analysis equipment, Gould Instrument Division has launched the 50 MHz LA5000 which is entirely designed and made at the Hainault location of the U.S.-based company.

Operating in sample or latch mode the instrument can display digital signals in 16-bit binary, hexadecimal, timing or graph formats and uses a display menu to help the operator select the appropriate parameters during acquisition, formatting and display.

Four input channels with a memory capacity of one kilobit

per channel, coupled with the high speed of 50 MHz should prove extremely useful in timing investigations. For eight input channels the frequency is 25 MHz with memory of 512 bits/channel and for 16 inputs the speed drops to 12.5 MHz and the capacity is 256 bits/channel. This wider bus will be helpful in data-domain applications.

Input levels can be selected for use with TTL or ECL circuits and an additional variable input mode allows the instrument to be used with other logic levels to  $\pm 10$  volts.

The analyser has a raster-scan display with a flat-faced cathode ray tube. Normal display is white on black, but highlights

or parameters for selection are picked out in reverse video. Control is from a keyboard in conjunction with the screened menu. A moving cursor picks out relevant selections.

LA5000 is driven by a micro-processor and contains four separate stores—for data capture, current memory, reference and video display. One of the menu choices allows the contents of current memory to be transferred to the reference memory, compared, searched for coincidental sequences, or the two to be offset against each other.

More from the company at Roebuck Road, Hainault, Essex IG6 3UE (01-500 1000).

### Gas detection devices

PORTABLE electronic instruments supplied by Biomarine Inc. U.S., whose engineers were responsible for developing the life-support system used by NASA in the Apollo capsule, are to be distributed in the UK by Angus Fire Armour (Dunlop group), 10, King Street, London, SW1 (01-930 8700).

The range offered includes oxygen instruments, oxygen monitors and alarms, oxygen deficiency monitors and alarms, combustible gas instruments

## COMMUNICATION

### Data nets in Europe

FIRST EDITION of the Eurodata Foundation yearbook has been published, setting out the data communications services in 18 countries together with details of the Nordic Data Network and Euronet.

Information has been provided directly by the PTTs concerned and shows that data transmission over the public telephone network at up to 2,400 bits/sec is available throughout most of Western Europe, with two countries offering a public packet switched service.

The 420-page yearbook presents the information country by country and in each case covers telex and telegraph, data services, international facilities, nonstandard equipment and tariffs and literature available.

More from the Eurodata Foundation, Lutyns House, 1, Finsbury Circus, London EC2M 7LY (01-432 1944).

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## HANDLING

### Re-winding of cables

EXTENDING a range of cable re-wind equipment designed for the electrical wholesaler for use on his own premises is new equipment by McCorquodale Engineering of Duchess Street, Shaw, Oldham, Lancs.

For some years, the company has been manufacturing re-wind equipment supplied to cable manufacturers. Following success with this, it was decided that an extension of the range was called for to fill a gap in the total package of machinery used by cable wholesalers. New mobile or fixed re-wind machines are for use with electric cables, wire, wire rope, hoses and tubes. Take-ups are supplied for drum weights of 1,000 to 3,500 kg. The drum is supported on a shaft which rotates in ball bearings assemblies.

A manual traverse guide is available, incorporating a length measuring unit. A collapsible coiling head can also be supplied, readily attached to the drive arm assembly. A motorised cutter can be fitted when required.

Pay-offs, complete with adjustable back tension brakes and of capacities similar to the range extends to drum storage racks, under-roller drum stands and coiling machines.

McCorquodale 07068 848048.

### Computer controls tests

THE MICRO has made yet another appearance, this time in this Instron stress testing machine. Series 800, in which the forces applied to the specimen and the results obtained are under the microcomputer's control.

Two and four-column load frames are used with electro-hydraulic actuators for cycling up to  $\pm 100$  tons, fatigue rated, load cells, hydraulic power packs and such accessories as extensometers, climatic chambers, high temperature furnaces and many types of grips and fixtures.

Operation is made similar by a purpose-designed input keyboard with single-function keys, used in conjunction with visual display unit. This terminal controls the test set-up, provides automatic calibration of transducers and then calculates and displays the selected conditions, test parameters, measured values and derived values in accordance with the test program.

Programs are held on standard mini-cassettes and a library is available covering tensile and compressive tests, high and low frequency fatigue cycling, fracture investigation and block programming.

More from Instron on High Wycombe 33333.

## MAINTENANCE

### Lifts men up to the job

PROMISING a saving in manpower and less disruption to traffic is a maintenance and conversion vehicle called Permaquip Railway Overhead Vehicle from Permanent Way Equipment Co., Pweco Works, Lillington Road North, Bulwell, Nottingham (Nottingham 279121).

Basically a powered rail trolley, it is fitted with a platform whose scissor action, effected by hydraulic rams, can raise it to a maximum of 5.65 metres. Platform also has a push button controlled cantilever extension giving a further reach of 1.65m which, says the company, enables work to be carried out over a wide span, and the adjacent railway track can remain open.

Main platform will take a maximum load of 400 kg—ample for two workmen and their equipment. Lamps are incorporated to allow for working in

### Good view at night

PUT ON the market by Bofors Aerotonics AB, S-181 81 Lidings, Sweden, are eight viewing devices using micro-channel plate image intensifiers from Philips and mechanical/optical components from within Bofors.

NK-11-2 for example is a hand-held observation device employing an all-glass objective with a 17 deg field of view. With a built-in battery supply the weight has been kept to less than 2 kg. Total magnification is 2.5.

Larger instruments are available with catadioptric (mirror)

objectives. These have fields of view up to 9 deg and magnifications of up to six times. An automatic television camera can be fitted if desired.

The devices are entirely passive, amplifying the natural starlight, moonlight or sky-glow from illuminated objects. Automatic brightness control minimises operator dazzle or blooming of the image when bright light sources are viewed.

It is claimed that the tube used gives the highest definition currently available—45 line pairs/mm.

### Chlorine gas detector

AN INSTRUMENT called Tectafume from Wallace and Tiernan of Tonbridge, Kent (0723 364481) can detect leaks of chlorine gas using a detector cell which can be placed up to 100 metres from the electronics.

Three levels of alarm can be pre-set, at two, five or 15 micro-litres per litre and apart from lamps on the front panel, change-over contacts can bring into operation extractor fans, audible alarms and valves to isolate the chlorine at its source.

Even after a prolonged and severe leak the recovery time of the instrument is only a few minutes, with re-set by means of a button on the front panel.

The relays are arranged so that in the event of a mains failure they will close to an alarm condition.

Designed for a year's uninterrupted service without attention, the instrument is housed in a flame-proof case and measures 245 x 130 x 140 mm.

## DATA PROCESSING

### London-Brussels link

BONDTRADE, an international secondary market bond-dealing operation, now based in London, chose a micro-processor approach to tackle the problem of transferring its on-line computerised dealing information system from Brussels. There was also a need to form a link between the London office and the back-office accounting function, remaining on machines at Société Générale de Banque in Brussels.

Inter-Bond Services was contracted to supply a micro-based 64k byte "Data Terminals and Communications" Mk X system with a 10 Megabyte hard disc, twin floppy disc units, console printer/VDU and four remote screens.

A synchronous communications port will provide the link, via a telephone line, to the Brussels computer.

The major software requirement, which had to be achieved in under three months, was the duplication of facilities provided by the teleprocessing front-end of the Brussels IBM 870 system. This part of the new system, which was operational on the first day of London dealings, enables the traders to maintain up-to-date prices and positions and to retrieve recent trading history in any issue, on screens built into the dealing desk. The system also calculates the "Bondtrade Index."

In view of the short time-scale, implementation of the telecommunications link has not yet taken place, and in the meantime, communications with

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### Speeds the accounts

DESIGNED to serve the needs of the accountancy profession is a system built around a micro-processor-based machine which has been developed to overcome such problems as the perennial backlog of work that seems impossible to clear, scarcity of effective, qualified staff, inability to present clients with their accounts as quickly as requested, etc.

Heart of the system is the LX 2500 mini-computer which combines disc storage for high speed access to information with fast, quiet printing at 130 characters per second.

Offered by LogAbax, 1, Wealey Avenue, Acton Lane, N.W.10 (01-965 0061), the computer hardware is manufactured in France, although the software for this particular package has been developed in the UK with the requirements of the UK accountant in mind.

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**CONDENSED STATEMENT OF CONDITION DECEMBER 31, 1978**

ASSETS (M\$'000)	1978	1977
Cash in banks, money at call and short notice	1,487,619	1,316,143
Loans and advances	1,590,887	1,129,294
Bills receivable	177,541	91,978
Treasury Bills and Government Securities	787,850	526,640
Other investments at Cost	89,663	81,501
Land, building and other assets	95,975	67,950
<b>Total assets</b>	<b>4,229,535</b>	<b>3,213,506</b>
CAPITAL AND LIABILITIES (M\$'000)	1978	1977
Authorised capital	200,000	200,000
Issued and paid-up capital	100,000	85,000
Reserves and balance of unappropriated profit	43,469	32,801
Deposits (demand, savings, fixed, etc.)	3,311,291	2,777,219
Deposits and balances of agents and banks	606,173	188,612
Bills payable and other liabilities	168,602	129,874
<b>Total capital and liabilities</b>	<b>4,229,535</b>	<b>3,213,506</b>

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Correspondents in all principal cities of the world



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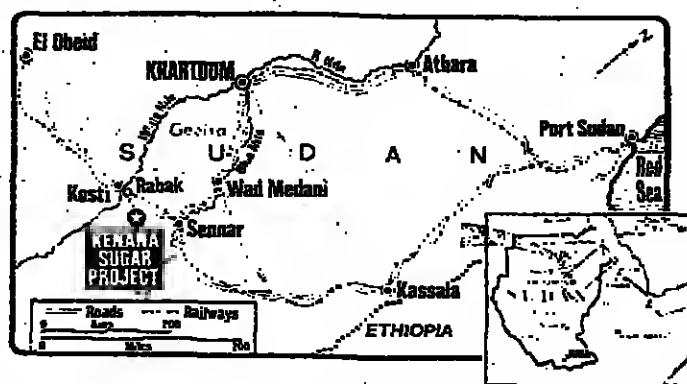
# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

James Buxton explains why a cloud now hangs over the once splendid dream of Kenana — one of the biggest sugar complexes in the world

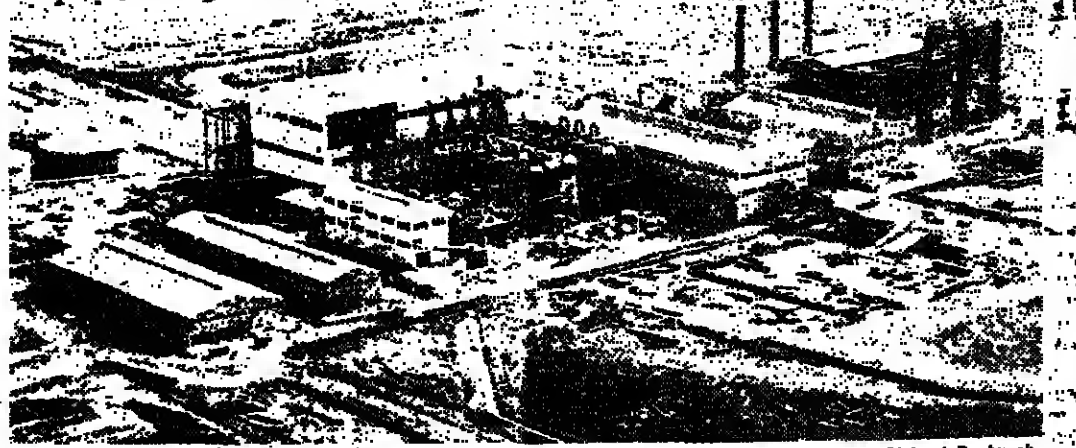
## Sudan's bitter-sweet sugar mill

AT THE END of this year one of the world's biggest sugar complexes, the Kenana scheme in Sudan, is due to start operating. Conceived and initially managed by the British conglomerate Lonrho, it will help transform Sudan from sugar importer to exporter. But it is being completed nearly two years behind schedule, at more than five times the original cost estimate. The tale of Kenana is one of successive delays, cost increases, financial crises and Herculean efforts to overcome immense physical difficulties.



KFTCIC officials have since said that they did so because they did not think Lonrho was managing the project properly; they say it drew up a bad feasibility study, that it did not put together a firm financial package before going ahead and that it should have appointed one single concern as construction manager to handle all aspects of construction instead of concluding agreements with a variety of companies and consultants.

well over twice that of any other plant in Sudan. If Kenana sells to the Arabian market (as originally intended) it can hardly expect more than the world price, currently around £85 per ton (the Kenana feasibility study said that an average price of £154 over the next 20 years was "a reasonable working assumption," but this is now about the breakeven point at the world's most efficient cane plants).



The Kenana sugar factory in Sudan showing (left to right) the boilers, refinery, the mill building where cane is crushed, and the power station.

Kenana is a very impressive sight. Irrigation from the White Nile has turned once barren-looking scrub into black arable land as fertile as the Fens of East Anglia, and thousands of acres of green sugar cane stretch towards the horizon. The factory and refinery complex is enormous — its 40 MW power station is the second biggest in Sudan. Not surprisingly the Sudanese and other Arab investors who have almost totally financed Kenana are delighted that completion is at last in sight and that they have something tangible to show for their money.

Sudanese. Once in operation, Kenana is to be run by personnel selected previously by the company rather than under a management contract with a single operator.

fact that the world sugar price was then near an all-time high of £650 per ton, while there was talk of the need for an extra 10m tons of refined sugar on world markets.

Lonrho has always rejected any suggestion of bad management and says that it lost the contract because KFTCIC insisted that its projects be managed by a Kuwaiti or a national of the country they were in.

But the first 150,000 tons of Kenana's annual output will not be exported but will go to the Sudan government to be paid for in local currency on a potentially advantageous cost plus price formula, according to an agreement with Lonrho of 1972. Kenana currently expects to produce about 160,000 tons in the 1979-80 season, then go up to 279,000 tons the following season and reach 381,000 in the 1981-82 season.

## A catalogue of setbacks

Drain  
Yet without a decisive improvement in world sugar prices Kenana's profitability is very much in doubt; the cost of operating it could become a big financial drain.

Mainly because of the 1973/74 oil price rise the capital cost of the project was more than doubled to \$250m when the Kenana Sugar Company was incorporated in early 1973. The shareholders were the Sudan government and the state-owned Sudan Development Corporation with 61 per cent, the multi-state Arab Investment Company with 17 per cent, Lonrho with 12 per cent, Gulf Fisheries (the private Kuwaiti company which had recently taken a 50 per cent stake in Lonrho) with 5 per cent, and the Japanese concern Nissho Iwai, which was to supply some of the equipment, also with 5 per cent.

But the Kuwait government, which Lonrho wanted as a shareholder, refused at that stage to come in, because it considered that the project, as presented by Lonrho, was not viable.

It will thus be nearly two years before Kenana exports on any scale, and it still has time to solve the enormous problem of getting the refined sugar away: it is estimated that it will need one and a half trains a day.

The project has been implemented while Sudan has been going through an explosion of development unprecedented in its history, putting port, railway and other communications under enormous pressure. This has helped cause inflation of up to 25 per cent or more a year.

APART FROM world inflation, there are three basic reasons for the spiral of cost increases and delays that have distorted the economics of Kenana. The first is Sudan's very weak infrastructure. The site is about 700 miles from Port Sudan on the Red Sea, and is connected to it by a narrow-gauge railway that has a continuous hard-surface road; one will be complete only next year.

The second basic reason for higher costs and delays has been in the factory complex itself. Lonrho could not obtain the backing of ECOCID or Eximbank on the contract for the supply of the factory equipment from Britain or the U.S. (ECOCID was already heavily committed to Sudan while the U.S. was on bad terms with Sudan at the time).

One of the two sugar crushing trains is virtually complete but installation of electrical wiring and instrumentation, the supply of which is Technip's responsibility, is well behind the rest of the factory — a major factor in the further delay to the scheme.

The clouded future of what was once a splendid dream is depressing, not just because so much of Sudan's recent development effort has been devoted to Kenana, but because it was once seen as a shining example of a Third World "triangular" development project — combining the Western technical expertise of Lonrho, the oil money of the Arabian peninsula and the natural resources of an African country — Sudan.

Kenana is a colonial concept which is fifty years out of date," one senior Kuwaiti put it recently.

The major reasons for the delays and cost increases are analysed in the adjoining article; another important factor has been the loss of impetus and enthusiasm which followed Lonrho's loss of the management contract, even though the major decisions on the project had already been taken. The new managing director, Mr. Mubammed Besbir Wagie, had to pull together a disparate team. Having long experience with the state-owned Sudan Sugar Corporation, which runs three plants of its own, he is a quietly determined man and has steadily gained the respect of the Kenana staff and established a management system that works.

The sugar crushing season in Sudan runs from November to May. It was therefore hoped, as late as last summer, that the factory would now be crushing cane. But further construction setbacks have delayed the target start-up date to the end of this year, though part of the plant should be ready for testing by next month.

### Fulfilled

In at least one respect Kenana has more than fulfilled its original promise: cane grown on the estate yielded above expectations and agricultural costs are lower than expected because of the introduction of long furrow irrigation. In spearheading this and other innovations in Sudan, Kenana is likely to become the technical leader of the country's sugar industry.

Instead, the company was effectively confined to France for supply because the French credit agency, Coface, was prepared to back it. Kenana therefore signed a contract with state-owned concern Technip, which was skilled in petrochemical engineering but had never built a sugar factory before (its bid had previously been rejected because it was far above the others).

The third basic problem has been that, because of repeated increases in costs, Kenana again and again had to seek more capital and, in two cases, new shareholders. There has probably never been a time when the full financing needed to cover the current estimated capital costs of the project has been assured.

One of the first shareholders to come in, the Arab Investment Company, insisted that any purchase of \$50,000 or more by Kenana be passed by the shareholders' executive committee. Such a sum does not go very far in Sudan nowadays. During 1976 alone there were no less than 22 executive committee meetings.

One of the key problems has been the uneasy relationship that developed between the Arab shareholders and Lonrho over the exact role the Western manager should play in the project. In the event, the shareholders, dissatisfied with Lonrho's performance, removed it from the management of the Kenana in May 1977, and replaced the Lonrho-appointed managing director with a

Yet most people now concerned with Kenana believe that it should never have been started in its present scale because this magnified the problems and made it disproportionately dependent on Sudan's slender transport system. Lonrho's feasibility study recognised that the infrastructure was weak, but its view on how soon it would be improved has turned out to be very optimistic.

By the time the foundation stone of the factory was laid in November 1976 the cost of the scheme was put by Kenana (and endorsed by Alexander and Baldwin) at \$465m — a further increase of 86 per cent — and the completion date had slipped from February to late November 1978. Kenana was short of more than \$200m and a further financial restructuring was needed.

The shareholders decided to increase the capital from \$100m to \$180m, raise their lending by an equivalent amount and seek cheap loans from Arab aid funds to cover much of the infrastructure. Kenana had to install, thereby reducing the financing costs. The restructuring was finally agreed at a board meeting in May 1977 — but KFTCIC insisted at the same time on Lonrho's being removed from the management of the scheme.

### Contract

Technip's contract, worth \$107.5m, covers the detailed engineering, the supply of the sugar processing equipment and the provision of on-site supervision. But apart from not covering the boilers and power generating equipment (which are supplied by Nissho Iwai) the Technip contract left Kenana to arrange for the civil work on the site, the erection of the factory, the transport of the equipment to the site and the commissioning of the plant, whose total cost is now about \$275m.

### More finance

But by the end of 1975, when the major factory contract had gone to the French concern Technip and an important construction contract to Sir Alfred McAlpine and Son A.G. it was clear that more finance would be needed. The Kuwait government finally became a shareholder "because it wanted to help Sudan," as one Kuwaiti official has since put it.

### Desoutter Group Results

The Chairman included the following comments in his statement published with the 1978 accounts: "I am pleased that an improved performance in the last six months of 1978 enables me to report profits for the year which are proportionately better than those for the first half. The good work carried out by our employees and distributors in this country and overseas is greatly appreciated in the achievement of that result."

### Contract

Costs escalated: for example, Sudanese road haulage rates per ton rose from £225 in 1976/77 to £390 today. Kenana was also able to buy only 800 tons of cement from a plant about 20

Desoutter Group Results

The Chairman included the following comments in his statement published with the 1978 accounts: "I am pleased that an improved performance in the last six months of 1978 enables me to report profits for the year which are proportionately better than those for the first half. The good work carried out by our employees and distributors in this country and overseas is greatly appreciated in the achievement of that result."

Table with 2 columns: 1978 and 1977. Rows include Turnover up 15.3% to £2000, Pre-tax profits down 5% to £389, Net profit after tax attributable to Ordinary Shareholders £1,582, Earnings per Ordinary Share 17.10p, Dividend per Ordinary Share inclusive of tax credit 9.19p.

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LOMBARD The European disease

BY GEOFFREY OWEN

IF THERE is one European industry which ought to be able to hold its own against competition from the U.S., Japan or anywhere else, it is chemicals. There has never been any doubt about the technological skills of the big three German companies, the Swiss pharmaceutical producers Britain's ICI and a good many more.

Buy-back deals

Given their long-established competitive strengths, why are the European chemical companies so gloomy about the future? There are some specific sources of anxiety on which they are looking to Brussels or national governments for help. These include the flow of low-priced imports from Eastern Europe, sometimes arising from buy-back deals negotiated by the European contractors which put up the plants.

More serious, perhaps, is the threat from the U.S. The Americans have substantially lower feedstock costs—an advantage which is likely to persist for some time despite President Carter's moves to de-regulate oil and gas prices.

Yet there is a more fundamental weakness which the chemical industry is beginning to share with more obviously struggling sectors like steel and shipbuilding. The chemical producers, having enjoyed high growth rates in the period up to 1973, are trying to come to terms with sluggish demand, rising raw material costs and fierce competition.

Adjustment is the order of the day, but are companies and governments prepared to face up to it? Last year Union Carbide sold most of its European chemical operations to British Petroleum and last week Monsanto announced the closure of its nylon fibre operations, with

GRAVEL-RAISING in the Thames Valley has been the source of sometimes bitter controversy for more years than most people living there can remember. Dotted the river valley from the Surrey town of Walton-on-Thames, past Staines and Runnymede to the Berkshire village of Datchet and beyond, thousands of acres of gravel workings past and present have left a mixed and mostly unwelcome imprint on the landscape and people.



THORPE PARK

British gravel company, has had to bring to fruition its own novel, ambitious—and potentially profitable—idea of what to do with some of the worked-out pits.

That solution is called Thorpa Park and it will be formally opened next Thursday by Admiral of the Fleet Earl Mountbatten. It is the brainchild of Mr. Alan Endors, managing director of both RMC's property and leisure developments division, and of Leisure Sport, a subsidiary set up in 1970 to develop leisure and sports facilities on some of the 15,000 acres of water and land held by the group.

The theme that emerged was a maritime history of the British people. It is a loosely-knit mix of history and literature, brought to life through reconstructions of, among other things, a Roman port complete with a fortified signal station and a full-scale replica of a Roman galley, a Saxon mill and Vikings launching a Celtic ferry of about 500 BC and a reconstruction of King John's pavilion for the signing of Magna Carta at Runnymede, 5 miles or so downriver.

Mr. Endors, who read English at Oxford, displays a rather un-

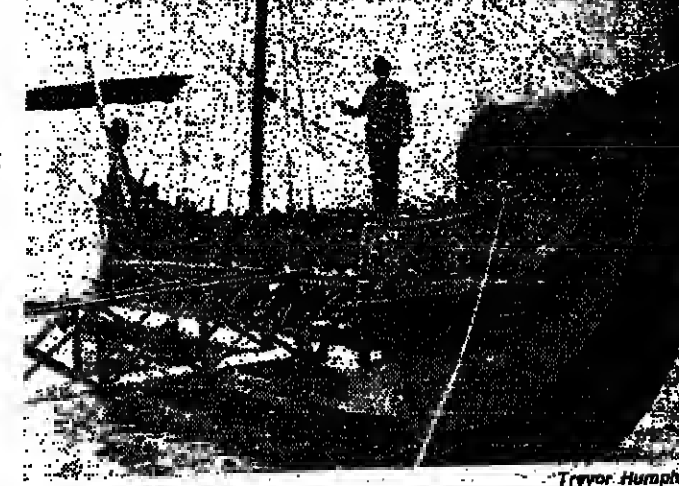
accountant-like enthusiasm for the project. He is prone to discourse on such issues as how a trireme (an ancient warship) was rowed, or how a Roman wore his sword. The research on behalf of accuracy verges on the obsessive. He recalls going to Naples to check on Roman construction methods to be followed on the Thorpe site. ("It transpired that the Romans must have been just about the biggest jerry-builders the world has ever known.")

At the centre of the park there is a mushroom-shaped dome housing an auditorium for 1,000 people, with shops, restaurants and bars. No concessions are being let—Leisure Sport plans to retain full control of the complex. There is a re-created French airfield scene, with full-size replicas of the Royal Naval Air Service aircraft which took the Navy into the air during World War I.

Thorpe Park is also a sports site. The British Olympic rowing and canoeing teams train there; the world water ski championships are expected to return to what is now a purpose-built lake with viewing for 60,000 spectators; and there are facilities for wind-surfing and an equestrian area. The commercial side of the venture, Mr. Endors suggests, will be used to subsidise the sporting side. So far, the complex has

cost £33m, including firm in infrastructure. It seems a very small sum, considering RMC's annual turnover of over £500m, and Leisure Sport hopes that eventually 1m visitors will come every year at admission charges of at present £1.50 for adults and 75p for children. There are hopes to make additions to the site, perhaps including a theatre.

Wrangling planning consent from the local authorities—first from the fairly enthusiastic but cautious Surrey County Council and, after the 1974 local government reorganisation, from a



Mr. Alan Endors, the man behind Thorpe Park, aboard the replica of a Roman warship there.

rather more suspicious Runnymede District Council—look seven years. The project met heavy local opposition at one stage, questions were raised in the House by a local MP about the "Battersea fair" that it was feared might be going up on Thorpe's doorstep. In fact, what Thorpe has actually acquired is much less of a fair than a history lesson. What lesson it might hold for future relations between the gravel companies and the public has yet to be learned.

M-Losham for winning return

M-LOSHAM, not seen out since getting the better of Sorbus in the Irish St. Leger, reappears this afternoon in the Aston Park Stakes at Newbury. If I am right in thinking that Ryan Price has him well forward, this colt, the best of his sex to

RACING BY DOMINIC WIGAN

represent Levamis, will be the one they all have to beat. Although the Irish St. Leger was M-Losham's most important success in 1978, he ran several other fine races and probably put up performances of comparable merit in the King George V Stakes at Royal Ascot and in the Doncaster St. Leger.

Quickening away from the opposition with the minimum of effort at the Royal meeting at Newmarket through a determined late flourish in 1978, got off the mark this time in the Hugh Gorton Apprentice Handicap. Produced a furlong from the horse on the Rowley Mile,

autumn, M-Losham forfeited second place only in the final strides to Le Moss, the pair finishing 14 lengths adrift of Julio Mariner. M-Losham, a handsome, lengthy colt who will be ideally suited by today's 13 furlongs on ground likely to be on the soft side of good, can resume where he left off with a clear-cut success. For anyone thinking in terms of a forecast, Vital Season, a disappointment at Chester, may be worth another chance.

A year ago, Versailles Prince produced a strong finishing burst to land the London Apprentice Stakes and his trainer, Tony Ingram, must be reasonably hopeful that the six-year-old will prove up to making it a double. Versailles Prince, a gelding formerly trained in France, who also took a similar event at Newmarket through a determined late flourish in 1978, got off the mark this time in the Hugh Gorton Apprentice Handicap. Produced a furlong from the horse on the Rowley Mile,

FT Index. 1.20 Thames News. 1.30 Home and Design. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivan. 4.15 Midnight Is a Place. 4.45 Magpie. 5.15 The Brady Bunch. 5.45 News. 6.00 Thames at 6. 6.30 Emmerdale Farm. 7.00 Mork and Mindy. 7.20 Devco. Tr. Ad. 7.35-8.00. 8.00 Hawaii Five-O. 8.30 Kids. 10.00 News. 10.30 Soap. 11.00 Pillee Five. 11.10 The London Programme: Football Highlights. 11.20 An Electric Blue. 11.30 Close: Oliver Maguire reads from John Milton's "Paradise Lost."

All IBA Regions as London except at the following times: ANGLIA. 1.20 pm Anglia News. 2.25 Friday Film. 3.00 News. 3.30 Saturday. 5.15 Saturday's Bird. 5.30 Anglia. 7.00 Father and Son. 7.30 Gambit. 8.00 News. 8.30 Saturday. 10.00 Friday. 10.45-10.50 Regional. National News. England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15 10.45 East/Norwich Variations; Midlands (Birmingham) in Trust; North-East (Newcastle) Mike on Friday; North-West (Manchester) Sense of Place; South (Southampton) 'This Little Piggy Went To Market'. S. West (Plymouth) Peninsula; West (Bristol) Day Out.

BBC 2. 6.40-7.55 am Open University. 11.00 Play School. 11.25 and 3.55 pm Golf: Colgate PGA Championship. 4.50-6.55 Open University. 6.55 Gardeners' World. 7.20 Midwestern News. 7.30 Heads and Tales. 7.45 Westminster. 8.10 Chronicle. 9.00 The Fivestepenny Piece. 9.20 The Other Side. 10.20 Bullseye BBC 2 Darts Trophy. 10.50 Golf: Colgate PGA Championship (highlights). 11.25 Late News. 11.50 "Chinese Roulette," starring Anne Karina. 1.20 am Fox Watch.

LONDON. 9.30 am Schools. 12.00 Song Book. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News, plus

RADIO 1. 5.00 am As Radio 2. 6.00 Paul Burnett. 7.00 Tom Tully. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.21 Vic. 4.30-5.00. 5.00-5.30. 5.30-6.00. 6.00-6.30. 6.30-7.00. 7.00-7.30. 7.30-8.00. 8.00-8.30. 8.30-9.00. 9.00-9.30. 9.30-10.00. 10.00-10.30. 10.30-11.00. 11.00-11.30. 11.30-12.00. 12.00-12.30. 12.30-1.00. 1.00-1.30. 1.30-2.00. 2.00-2.30. 2.30-3.00. 3.00-3.30. 3.30-4.00. 4.00-4.30. 4.30-5.00. 5.00-5.30. 5.30-6.00. 6.00-6.30. 6.30-7.00. 7.00-7.30. 7.30-8.00. 8.00-8.30. 8.30-9.00. 9.00-9.30. 9.30-10.00. 10.00-10.30. 10.30-11.00. 11.00-11.30. 11.30-12.00. 12.00-12.30. 12.30-1.00. 1.00-1.30. 1.30-2.00. 2.00-2.30. 2.30-3.00. 3.00-3.30. 3.30-4.00. 4.00-4.30. 4.30-5.00. 5.00-5.30. 5.30-6.00. 6.00-6.30. 6.30-7.00. 7.00-7.30. 7.30-8.00. 8.00-8.30. 8.30-9.00. 9.00-9.30. 9.30-10.00. 10.00-10.30. 10.30-11.00. 11.00-11.30. 11.30-12.00. 12.00-12.30. 12.30-1.00. 1.00-1.30. 1.30-2.00. 2.00-2.30. 2.30-3.00. 3.00-3.30. 3.30-4.00. 4.00-4.30. 4.30-5.00. 5.00-5.30. 5.30-6.00. 6.00-6.30. 6.30-7.00. 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THE ARTS



Vanessa Redgrave Leonard Burt

Round House

The Lady from the Sea

The Royal Exchange Theatre from Manchester brings its season at Chalk Farm to a glorious conclusion with Michael Elliott's already famous production of Ibsen's latish masterpiece (1889). When reviewed last year at Manchester, it was widely acclaimed for its ingenious design and pulsating central performance by Vanessa Redgrave. No praise was too extravagant.

The stage area looks, at first glance, suspiciously like an ornamental garden, its rockery and wooden jetties set in a still lake. But there is real cunning, and magic, in Laurie Remy's work, which changes easily from various recesses in Dr. Waegel's estate to a rocky hill-top, populated briefly in Act 2 by tourists in holiday mood. The hillside is decorated, too, with a rusty edifice signifying a disused lighthouse.

Ellida, the Doctor's second wife, is the daughter of a light-house keeper whose life on land is shadowed by a former liaison with a mysterious maritime Stranger. She is a creature of the sea locked in a life of seemingly bumdrum domesticity but escaping each day to swim in the fjord. Miss Redgrave's first, startling entrance, is made tripping through the shallow water, shaking the ocean from her dark hair, her muscular frame wrapped in a large white towel. She arrives to greet her husband and his old friend Arnholm, who has answered a summons on the mistaken assumption that Wangel's daughter, a former pupil, wishes to see him.

Wangel has two daughters by his previous marriage, and the play develops not only as a careful working out of Ellida's role in that household, but also as an almost diagrammatic exorcism of her call to the deep. The Stranger, with his talk of dolphins and whales, and his lingering romanticism—Ellida's child by Wangel, who died aged a few months, had eyes that changed like the sea's colours—returns to claim his fellow spirit. But his appeal to Ellida must be balanced against how she sees her new life, and it is only through a series of blistering, painful encounters with both the Stranger and Wangel that Ellida can emerge

Wigmore Hall

Beethoven and Brahms

In his maturity Beethoven avoided the medium of the piano quartet and quintet largely, it is claimed, because he disliked the clash of tuning between the equally tempered keyboard and the natural intonation of the strings. He wrote a set of three piano quartets in Bonn in 1788 when he was 15, but the "Piano Quartet in E flat op.16" that began Wednesday's Wigmore Hall concert was Beethoven's best known piano and wind quintet. The combination of Sylvia Rosenberg, Nobuko Imai, Moray Welsh and Craig Sheppard is a gathering of formidable soloists to discover in chamber music. Miss Imai is a tofiist of sweet musicality and prodigious tonal power who was formerly the mainstay of the former String Quartet; Mr. Welsh is a cellist of considerable chamber experience, here

in much happier form than in his recent Elizabeth Hall recital. Miss Rosenberg provides the dramatic shapling, though her tone has a tendency to bulge indulgently on the G string and she has a distracting mannerism of approaching each note of a phrase from below. Craig Sheppard seems a more sober chamber player than he often is as a soloist.

Brahms's C minor Piano Quartet focused the talents of the group most successfully. But it remained nevertheless a performance of moments rather than wholeness, a version which held the attention by virtue of Miss Imai's simplicity in her recaptulation of the first movement's second subject, Mr. Welsh's eloquence in the slow movement, Mr. Sheppard's neat leggiero pointing of the counter subject at the start of the finale.

ANDREW CLEMENTS

Coliseum

The Italian Girl in Algiers

by ELIZABETH FORBES

If the second act of *L'italiana in Algieri* achieved the same musical and dramatic levels as the first half of Rossini's opera so happily does, then the *Italian Girl* would challenge *Centocento* as runner-up to the immortal Barber in the popularity stakes. As it is, the revival by the English National Opera of Wendy Toye's production, now staged by Hugh Halliday, at the Coliseum gives a great deal of pleasure, despite the lack of genuine inspiration in the last half-hour or so of the score.

The performance begins most promisingly with a neat, witty and relaxed account of the overture. Mark Elder obtains some stylish playing from the orchestra—especially from the woodwind—and establishes taut, but not overdriven rhythms which carry the music along irresistibly right through to the superb first act finale. Mr. Elder does his best to continue in the same vein after the interval, but through the trio for Mustapha, Taddeo and Lindoro has to be encored, the Kaimakan and Papatacci initiation ceremonies inevitably fall rather flat. Only Isabella's patriotic air strikes a note of genuine feeling.

Elizabeth Connell, the new Isabella, sings this hymn to the glory of Italy with conviction and a most attractive warmth of expression. Her voice is soft-grained and without the edge often found in coloratura mezzos, but it is a real delight

to hear the fullness and strength of the lower notes, while the florid line causes her no trouble.

As Mustapha, Richard Van Allan also proves an excellent comedian. He does not overplay the character's credulity, either, but makes it clear that the Bey indulges his beautiful European captive without being completely duped by her. His excellent diction conceals, or perhaps renders unimportant, a certain lack of fruitiness in tonal quality. John Gibbs makes an admirable Taddeo, evincing sympathy for Isabella's elderly admirer as well as causing much amusement by his timidity. He points the text with quiet but telling irony.

John Brecknock, in powerful and lusty voice, gives character as well as lyricism to Lindoro. Marilyn Hill Smith also endows the usually pallid figure of Karima, the Bey's neglected wife, with a distinct personality, and sings charmingly. Shelagh Squires, as Zulma and David Marsh complete the septet of principals. The production is efficient if not very imaginative. Peter Whiteham's sets and costumes have kept their freshness. The final scene, with the sailors got up as Venetian gondoliers, Isabella wearing the red, white and green of Savoy, and the Algerians washing down their spaghetti with Chianti, is a bit of an ethnic mix.

Festival Hall

Burgon

Thanks to the broadminded munificence of the Arts Council (subject to no restrictions of taste, merely those of demand) money for musical commissions is these days rather more easy to obtain than, say, a mortgage.

But the results often have much shorter lives than a mortgage. All the more pleasing, then, to encounter a commission which has sprung from a genuine impulse to create a new piece of music. Geoffrey Burgon's *Veni Spiritus*, given its first performance by the Royal Choral Society on Wednesday, grew from the request of the parents of a young choir member who had died suddenly to commemorate her memory, and the enjoyment she had derived from music.

Geoffrey Burgon has already shown himself a more than usually optimistic portrayer of death: his 1976 Requiem uses texts by St John of the Cross to depict death as blissful union with God, and mystical writings by Traherne form the basis of his 1973 *The Fire of Heaven*. In this new work, he has derived a cogent symmetrical scheme of three choral movements interspersed with two solo sections: at the start and finish are settings of the great plainsong hymns *Veni Spiritus* and *Veni Creator*, while at the centre is the magnificent medieval rhyming hymn of praise *Alpha et Omega*. Appropriately, the parts for bass and soprano soloists are more personal: first a translation of an Eskimo invocation to the Spirit of Air,

and second some more St. John of the Cross.

The music is utterly clear and transparent; so bare that the richness of the texts is scarcely hinted at. Plainsong provides some of the motive framework: *Veni Spiritus* accumulates a note cluster from the stepwise progression of the hymn, while *Veni Creator* presents its melody in clearer outline, working its first few notes into a trance-like incantation. Towards the end of the third and fifth sections, syllables are split up among the voice-parts, effectively mirroring human divisiveness and the all-seeing mind of God. The choral writing is simple, too simple, it often seemed on Wednesday; and even the solo writing concentrates on restrained, unindulgent lines—only the vibraphone and portamento solo strings in the soprano sections adding a touch of sensuality.

At a first hearing, it did not move me; but it might do so in the future, if I could be persuaded that the work's simplicity is not thinness. As for the *Fauré Requiem*—another wonderfully sympathetic treatment of death, never crossing the line from sentiment into sentimentality—this was a devout, over-long performance under Meredith Davies, in which the melodies never took wing and too much of the choral singing was slightly under the note. The fine soloists in both works were Felicity Palmer and Stephen Roberts.

NICHOLAS KENYON



Klaus Kinski in 'Nosferatu the Vampyre'

Cinema

A toothless vampire by NIGEL ANDREWS

*Nosferatu the Vampyre* (AA) Gate Big Wednesday (A) Warner West End The Manitou (X) Classic Oxford Street

There are some film-makers in the world—so rare and vital few—whose every new movie is an event. The German Werner Herzog is one. From *Enter Daria* started small to *Aguirre, Wrath of God* to *Hecate* of *Glac*, each new work by Herzog has been a gauntlet thrown down to the audience, an artistic challenge—you demanding an equally strong and head-on response from the filmmaker.

*Nosferatu the Vampyre* is his newest film: a re-telling of the first ever vampire movie, F. W. Murnau's silent 1922 *Nosferatu*, shot in pastel colours which have a porcelain-like sheen and offering a slow, lyric—and for Herzog surprisingly reticent—account of the Dracula legend. Expunge from your mind thoughts of Christopher Lee with hollow cloak and blood-shot contact lenses, glowering from a Hammer-horror battlement. Herzog and his actor Klaus Kinski, who played Aguirre, model their vampire closely in Murnau's—bald-skulled, rat-toothed, long-nosed—and like Murnau they spring him not into a standard-Gothic landscape somewhere in Transylvania but into a petty-bourgeois town on the Baltic coast. Thither the vampire comes, with his cargo of coffins and train of plague-carrying evangelists, to spread his predatory designs on the story's beautiful heroine, Lucy (played by Isabelle Adjani).

Herzog has sectioned his film in three parts: a Baltic prologue, in which we see Lucy's estate-agent husband Jonathan (Bruno Ganz) set for Transylvania to inherit *Nosferatu* in a town property; a macabre and lengthy chapter in Transylvania where *Nosferatu* plays host to Jonathan in his crumbling castle; and the main body of the plot back in the Baltic town where the vampire, arriving by ship and disembarking with his plague-spreading rodents, brings his eustic hurricane of evil and anarchy.

Herzog being Herzog, there is

a weird beauty even in these scenes of surreal apocalypse: indeed, principally in these scenes. The camera roams through the town's huge market square (actually Delft in Holland) observing the twin breakdown of sanity and "civilisation": animals run loose, people dine off of fresco tables. And earlier, as a prelude to this chaos, Herzog's deployment of the Prelude music from Wagner's *Das Rheingold* in Jonathan's journey to Transylvania, over dripping crags and among thundering rivers, plays a superbly subtle sense of foreboding: the idea of an inexorable cycle of purgative evil beginning its work.

There are other passages where Herzog's timing seems to go askew and the film slows almost to a standstill. The images separate and stiffen like pictures in a museum. Bruno Ganz's almost terminal droopiness as Jonathan is a serious weakness, and the Transylvanian scenes—though lit with a suitably eerie Gothic glow—decline into almost a ritualistic exchange of Gothic clichés. The peasants at the Inn turn their heads in fateful, glaring unison when Jonathan asks the whereabouts of *Nosferatu's* castle. And later, the vampire's purring aside on seeing a jockey miniature of Lucy, "What a beautiful throat your wife has!" (a line carried over intact from Murnau) gets a not unexpected titter.

The film indeed is thoughtful, beautiful, haunting, intelligent—but curiously tame. Little ghosts of brilliance flit across the screen—especially when Isabelle Adjani's Lucy is sent, a vision of frailty and innocence choreographing her movements like a Victorian child-heroine—but Herzog seems to have been caught in a fatal indecision between making a wry, "sophisticated" homage to Murnau and making a horror film with its own newness, a macabre and mitted power, and meaning. That *Nosferatu the Vampyre* is worth a dozen Hammer *Draculas* almost goes without saying—if only for the way Herzog seizes instinctively on the greater power of "ordinary" settings for a tale of the extraordinary. But from Herzog one expected something a little more: a vision rather than a

series of images, a Revelation rather than a recitation.

It the shadows, rats and other sepulchral gloomies of Herzog's *Nosferatu* fail to catch your fancy, how about the open-air pleasure dome of the Californian coast, glistening with sun, waves, bronze-bodied surfers and bronze-bodied surfboards? All these are abundantly on display in John Milius' *Big Wednesday*—his first film as director to appear here since the wonderful *Wind and the Lion* in 1975. Despite the time gap, Milius has kept up with his past preoccupations: he's still fascinated by characters of heroic, almost mythical proportions, cutting an idiosyncratic path through history. And the main characters of *Big Wednesday*—a band of scruffy nuts whose progress is observed from 1962 to 1974 through various hot summers, marriages, bouts with the bottle and clashes with Vietnam—have all the accoutrements of mythical beings. The have their own magic totems (the surfboard), their own rituals, their own philosophy—fostered by a guru called Bear who, we are told, "knew where the waves come from and why."

Fortunously music, camera angles and dialogue surround their actions at all key moments, climaxing in their slow walk across the beach to ride the Great Swell of 1974, lined up like advancing troops defending civilisation as we know it. But there is a great and sadening gulf between the main trio of surfers—Jan-Michael Vincenz's Matt Johnson, William Katt's Jack Barlow and Gary Busey's "Masochist"—and Milius' past idols like Teddie Roosevelt (*The Wind and the Lion*) or the subject of Dillinger. In *Big Wednesday* Milius worships his heroes and their every activity absolutely: the slightly ironic distance he previously kept from them has vanished. When the surfers engage in rumbustious drinking and fighting, throwing hamburgers at each other or squirting a water hose through the window slats of a luo full of ladies, there is no allowance for censure or even mild criticism.

Even when these unlikely lads take to the waves, in footage supervised by the surfing specialist Greg MacGillivray, the impression they make is less than stunning. For all the slow motion, the camera shots taken from inside the waves' curves, the film's images signally fail to achieve the poetry they plainly and laboriously strive for. Bereft of this dimension, *Big Wednesday* merely provides a glum and pretentious tale of callow youths growing into callow maturity.

With *The Manitou* we come back to horror, though this is the cheeky, derivative, post-Exorcist Hollywood kind. A jump is found on the back of Susan Strasberg's neck and it grows at a fendish rate. This is hardly accidental, for inside the lump is an actual fene—a 400-year-old Indian medicine man currently going through one of his numerous reincarnations. Surgery proves spectacularly useless, and the fene is only conquered by the combined forces of a charlatan fortune-teller (played with judicious impishness by Tony Curtis), a benevolent witch doctor called John Singing Rock, and all the volts and computer terminals commanded by the Sister of Jerusalem Hospital in San Francisco.

Produced and directed by the late William Girdler, the film has no truck with subtlety. The script decorates the extravagant plot with lines of poker-faced absurdity ("I've been through every time book I can find") and antiquity ("Call it woman's intuition, but..."). The direction, too, is blunt and wayward—the camera going out of its way to feature postcard shots of the Golden Gate Bridge, which belong in a completely different film. But the proceedings are never dull for a moment. Odd details and characterisations pull you up short—Tony Curtis ripping off his poney moustache and planting it on the wall of his fat, Burgess Meredith's unusually restrained cameo as an anthropology professor, Stella Stevens' dusky spiritualist (charmingly called Amelia Cruise). And the special effects throughout are exemplary: the monstrous births and battles of magic take place without any of the glimmerack shoddiness that disgraced Girdler's previous concoctions.

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# Warnings for Sir Geoffrey

READING THE economic and monetary statistics in recent months has been a matter of inspired judgment, better described as guesswork. The Government's own operations have been disrupted by civil service disputes, and one result has been to interrupt the flow of revenue and so inflate the borrowing requirement. At the same time sales of official debt have been abnormally high—a combination of pre-election speculation and the timing of the sales of tax instruments ahead of an abrupt drop in the interest rate offered. Some of this heavy buying may have been financed by bank loans.

Indeed, the only major factor determining the growth of money supply which has not been behaving abnormally recently is the one which has attracted most attention—the foreign exchanges. It seems that the banks have not felt able or perhaps willing to use these potentially flighty inflows to finance an expansion of their domestic business. The net effect of the drama has, therefore, been very small.

### Adjustments

The swings and roundabouts affect not only the components of the money supply, but the total. The seasonally adjusted change of broadly-defined money in the last three months has been in round numbers a rise of £500m, a subsequent fall of £400m, and a rebound of £750m. It need only be added that the seasonal adjustments themselves have been revised, as normal at this time of year, and the impossibility of any confident judgment is obvious.

These strong reservations must be stressed because so far as these lurchings can be interpreted as they are glimpsed through the fog, they seem to be taking a potentially disturbing direction; monetary growth appears to be quite near the upper edge of the growth range prescribed by present policy, just as the recovery in real economy following the winter's disruption and the election is gathering way. It would, of course, be extremely foolish to take any precipitate decisions on the basis of such a tentative interpretation, but it is certainly not too early to think about possible policy action in the future. In less than four weeks Sir Geoffrey Howe will have to make his own stance clear, and the

figures do not seem to suggest that he will be able to consider any easy, wait-and-see option.

He will have to decide whether the present buoyancy in the economy, suggested by the sharp rise in retail sales and by reports from industry as well as by the banking figures themselves is a temporary blip or a new trend. There are three reasons for thinking that the recovery will not proceed very far under its own momentum: the element of catching up from winter disruption, the spur to retail sales from clear warnings of higher taxes on expenditure, and the fact that prices will in due course reflect the excessive increase in wages. The growth of real incomes will in due course abate.

### Tax strategy

On the other hand the Government must hope that its election victory and the tax strategy which will be started in the Budget will increase business and consumer confidence, and perhaps spur activity in the longer term.

If the Chancellor holds any strong hope of a more sustained recovery, then he will face an immediate dilemma over the role of monetary policy: for after the excessive cost increases of recent months, any sustained recovery in real activity will put an increasing strain on credit within its prescribed limits. That is of course what an anti-inflationary monetary policy is meant to do in the presence of demands, whether from wages or from the public sector. Sir Geoffrey, in other words, may have to make it clear whether monetary policy is really the front-line weapon against inflation described in the Queen's Speech, or whether it should rather aim to apply only a gentle pull on the reins, as the Confederation of British Industry seems to urge in its budget representations.

### Objective

The choice is really between the short and the long term; for while a summer of recovery is enjoyable, confidence for the longer term demands some clearer objective than trying to maintain control while drifting with the tide.

Yesterday's figures offer a confused and muted but suggestive warning that Sir Geoffrey will not be able to offer pure sunshine on June 12.

# A positive aim for education

THE CONSERVATIVE Government's decision to preserve grammar schooling as its first legislative act has persuaded Mr. Roy Hattersley, the Labour spokesman, that the main political parties are now farther apart than at any time since 1945. The new Bill to relieve local education authorities of the obligation to change to fully comprehensive secondary schooling was cited by Mr. Hattersley in the Commons as typical of Tory plans which "invariably and consistently support the strong at the expense of the weak, and help the rich to the detriment of the poor."

### Tug-of-war

However impressive his rhetoric, the move can hardly be cited as conclusive evidence of a wide-spread political division. Mrs. Margaret Thatcher also evoked strong Socialist protests by taking the same action within 10 days of becoming Secretary for Education and Science in 1970.

While the political tug-of-war with the State secondary schools continues, there is a lot less rope. In 1970 there were about 1,000 State grammar schools. Today there remain only about 300, scattered among 60 local education authorities in England and Wales; 44 others already have fully comprehensive secondary systems. Then, only about a quarter of the relevant pupils were in comprehensives, with the rest split roughly 20/80 between grammar schools and secondary moderns. Now, comprehensives account for about five-sixths of the appropriate pupil population.

The Bill will not permit local authorities to "unscramble" established comprehensive schemes, and will allow those who wish to proceed with plans for the change. Hence the number of State grammar schools effectively preserved by the Government's measure may well be little more than 200. Of these, several are liable to be translated into sixth-form colleges by local authorities struggling to restrain the unit costs of education as pupil numbers fall in train of the reduced birth rate. The issue is already largely decided in favour of the comprehensives. Why, therefore, does the tug-

of-war still arouse such strong political emotion? The ideological claim that comprehensives favour the weak and the poor, as implied by Mr. Hattersley in the Commons, has no objective foundation. There is at least equal ground for conjecture that since, under comprehensive schooling, academically bright working-class children are no longer picked out as such by the 11-plus test, their secondary-school teachers are more likely on balance to neglect them in favour of concentrating on less academically talented, but more socially engaging middle-class children.

There is, however, at least one practical point for argument. It lies in the fact that academically selective schools, by their very existence, "cream off" from the comprehensives numerous children with high educational aptitude. Opponents of grammar schools claim that the creaming-off has depressing effects on the achievements of the other types of schools attended by the great majority of children. Support has recently been given to this claim by the first stage of a research programme led by Professor Michael Rutter of London University.

### Depressed standards

The study of 12 Inner London comprehensives indicates that those with a good record both for academic attainment and for decent law-abiding behaviour had a relatively high proportion of academically able pupils, and vice versa. The creaming-off of the most scholarly few may therefore be represented as depressing the average standard among the many who are academically mediocre or worse.

Compared with the argument against creaming-off—whose central object is evidently to prevent average standards from becoming worse—the new Government's measure has the advantage of a positive aim. It is to promote academic attainment at the highest levels. Even so, in preserving grammar schools, the Government must not divert from the comprehensives the money and effort needed to provide improved forms of education for more than four out of five of the nation's children.



THE REFUSAL of the Lower Saxony State Government to allow construction of a proposed nuclear park at Gorleben for what it frankly admitted were political reasons, has placed the entire future of atomic energy in West Germany in the balance.

For the federal coalition of Social Democrats and Free Democrats in Bonn, the decision was disappointing but hardly surprising. The immediate reaction of the federal Government was to stress its conviction that there is no alternative to Gorleben, and to undertake to continue to try to persuade Herr Ernst Albrecht, Christian Democratic administration in Hanover that the "integrated nuclear fuel reprocessing centre" must go ahead.

In practice, however, the decision taken in Lower Saxony has created a pause for thought, during which not only politicians but the public at large will have to consider how far West Germany wants to take up the nuclear option, and if so, at what price. It is probably no bad thing, either, that the country's mind is being concentrated on long-term energy supply at a time when it is both beginning to feel the first effects of the crude oil shortage and being pressed to take more seriously the need for conservation.

The Gorleben project, as conceived by the group of West German electric utilities that would build it, would comprise a plant to reprocess spent nuclear fuel, separating unused uranium and newly-created plutonium fuel, for manufacture into new fuel assemblies. It would also include the ultimate repository for Germany's radioactive wastes, tunnelled into the salt domes hundreds of feet underground.

Central features of the full plans for Gorleben were:

- A reprocessing plant with capacity to treat 1,500 tonnes a year of high-burnup LWR fuel.
- Storage pond capacity for 3,000 tonnes of spent fuel.
- Fuel fabrication facilities for about 14 tonnes of plutonium a year.
- Underground storage facilities for 30-40 tonnes of high-active waste a year.
- Underground storage capacity for 1,600 drums of medium-



March 26: 2,000 farmers from Gorleben and nearby villages start out on a march on Hanover, the Lower Saxony capital, to protest against the plan to build a nuclear reprocessing plant and waste disposal facilities in their home region.

active waste and 50,000 drums of low-active waste a year.

Bonn sees several advantages from this concentration of facilities in one place. It would answer once and for all a statutory requirement under the Atomic Energy Acts that no nuclear power plant may be built without satisfactory provision for disposal of the spent fuel—a point that has been successfully used by anti-nuclear groups in getting injunctions against the construction of new power stations.

A second advantage claimed for the Gorleben proposal is that it would reduce dangers inherent in transporting radioactive materials around the country by concentrating as much as possible in one place. In this way the German authorities had hoped to anticipate concerns about the possibilities of terrorists hijacking dangerous substances and also to prevent simple accidents.

Finally, the Bonn Government would go a long way towards making West Germany less dependent on outside energy supplies. Assuming that present development work results in a safe and commercially viable fast breeder reactor, plutonium separated in a reprocessing plant would greatly reduce the need to import uranium by the end of the century. As it is, West Germany has been among uranium customers of the U.S. that have been given more than a hint of how a future administration in Washington might use this lever, and it has set

about looking for alternative suppliers in Canada, Australia, and South Africa.

Reprocessing has presented similar difficulties. On Wednesday, the very day when Herr Albrecht announced his Cabinet's decision against Gorleben, the West German and French Governments confirmed the signature of a long-awaited agreement that German-owned plutonium produced by fuel reprocessing at La Hague, in France, will be returned to the Federal Republic. The issue had taken a long time to resolve, creating considerable if not openly expressed strain between Bonn and Paris, and threatening an open conflict with the Euratom Treaty's guarantee of free movement of nuclear fuels within the Community.

In his speech explaining why his cabinet had turned down the Gorleben plan, Herr Albrecht said he had no fault to find with it on a technical level, and indicated that the exploratory drillings already begun would continue. If the subterranean salt structure does, on further investigation, prove geologically stable enough to resist the high temperatures of the radio-active wastes, encased in stainless steel, vitrified and hurled in narrow shafts, then it is still open to the Lower Saxony Government to change its mind.

He promised to lecture in English, said John Ord, an administrator at the City University, where the lecture was held. "Then a message arrived the day before the lecture, demanding simultaneous translation. We couldn't get any agency in London to do it at that short notice."

"Luckily, we had a student whose mother is French who salvaged what could be salvaged from a very difficult situation. But it was a bit tedious for people to sit through. . . . We may well end up suggesting that next year's Paris lecture should be held in Paris."

## Consistent policy

As a party, the CDU has perhaps had a more consistent (as well as more favourable) policy towards nuclear power than either the SPD or FDP in the coalition, each of which decided at its last party conference 18 months ago to regard the nuclear programme as a minimal one that would only go ahead where no alternative source of energy could meet demand. Yet CDU State Premiers such as Herr Albrecht, and Herr Georg Stollenberg, in Schleswig-

Holstein, who barely won re-election earlier this month, feel they have been left out on a limb by Bonn.

Victory for the SPD and FDP in Schleswig-Holstein would have brought to power an avowedly anti-nuclear Government. It was left to the CDU under Herr Stoltenberg to face popular anger with policies which he considers really to be the responsibility of Herr Helmut Schmidt, the Federal Chancellor, and Herr Hans-Dietrich Genscher, the Federal FDP leader in Bonn. Herr Albrecht has made essentially the same point.

For the Federal Government, nuclear energy has not yet been reduced quite to the minimal role that the two coalition parties' conference resolutions suggested. For one thing, Herr Schmidt and Count Otto Lambsdorff, the Economics Minister, a Free Democrat, have continued to make clear their view that overall energy arithmetic points to the role being rather more than minimal by the mid-1980s.

For another, the coalition could still recently count on solid support from industry and the trade unions for a nuclear programme aiming at 24,000 megawatts installed by 1985, or about 29 per cent of total estimated electric generating capacity at that time.

As it is, the outlook for the West German nuclear industry is bleak. Kraftwerk Union, the Siemens subsidiary, which had high hopes only a few years ago of making itself into a major force in world markets, is glad

to be able to fall back on conventional power station contracts. The effective freeze on domestic work has hardly helped KWU to obtain export contracts, while it has also suffered from growing uncertainties surrounding its outstanding deals with Iran and from widely reported construction problems in Brazil.

Aside from the direct threat to jobs, the Government shares the industry's own concern over further delay and ambiguities towards nuclear energy. The cost West Germany may incur in a high-technology growth industry in the future. Abandonment of reprocessing (part of the know-how Germany is selling to Brazil) would have the same effect, technologically, while in commercial terms Germany risks leaving the field wide open to France.

More than any other single factor, the Three Mile Island accident in the U.S. has shaken the confidence of those in West Germany who have been supporting the nuclear programme. The Chancellor, Herr Helmut Schmidt, himself has remarked that "deep reflection" had become necessary, though he still stands by Gorleben. Earlier this week there were signs that at least some trade union leaders may now be more reluctant to give atomic energy their unqualified support. It may be true that there are no reactors in West Germany of the same type as Three Mile Island — one, to Babcock and Wilcox's design, is under construction — yet people have become aware that even the best-prepared safety precautions can sometimes go wrong.

Doubts about basic safety have also been increased among the general public by the controversy about Gorleben itself. Many people to be against nuclear energy who have nothing in common with the noisy demonstrators — of past pitched battles with police outside construction sites.

The pause for thought which Herr Albrecht has brought about will give Bonn time to try to rally support for the Gorleben concept. Herr Albrecht bluntly pointed out that with no fast breeder reactor technology yet in place, and argument over the planned Kalkar prototype, fast breeder no less bitter than that over Gorleben, at least one justification for building Gorleben itself is open to doubt.

For the time being, the Federal cabinet has restated its existing energy policy goals, and has called for further energy saving measures, heavily emphasising voluntary conservation and such prosaic solutions as heat pumps and district heating.

Many Germans who feel Bonn's past preoccupation with high technology such as Gorleben has led its energy policy into a blind alley, will hope this approach is more than just a temporary change of fashion.

# MEN AND MATTERS

## Trial flight for standby theatre

Will London theatres soon be following the New York example of selling half price "stand-by" seats just before performances start? Since the beginning of this month, the Society of West End Theatre Managers has been running an experimental scheme offering cheap tickets to students. At an average price of £1.50, plus the presentation of the National Union of Students card, more than 30 theatres are disposing of vacant seats—anywhere in the house—suddenly before curtain-up.

In New York, the theatres have for several years been operating on the principle that seats filled at a discount are preferable to empty ones. A kiosk near Broadway sells half-price tickets for the same evening's performances—and runs a sweepstake as well: the top prize is a week of non-stop theatre-going in London.

The London managers are also saying: "Why have empty seats?" The new scheme has been publicised in universities and polytechnics with the help of a £10,000 grant from the Arts Council. Foreign students are eligible—but not schoolchildren, at the moment.

However, the Society of West End Theatre Managers regards this as "an obvious first step" to making standby tickets available to wider sections of the public. A raffle for a cultural holiday on Broadway may take a little longer.

## Early call

The Post Office will be issuing a stamp in August to commemorate the centenary of the death of Rowland Hill, who proposed the pre-paid penny post. It seems to have forgotten that in the same month falls the centenary of the first telephone exchange installed in Britain. It was at 36 Coleman Street in the City (the Financial Times was



at 12 Coleman Street until 1959).

Perhaps amends will be made at the Telecom 79 exhibition in Geneva in September. The Post Office will be displaying its all-electronic System X, to which it has committed £150m in development costs. There must be a corner somewhere to recall those historic moments in Coleman Street.

## Euro-brothers

Up at his campaign base in Saltburn-by-Sea yesterday, Sir Peter Vaneek sounded unperturbed by the difficulties of persuading Cleveland's voters (many of them unemployed) to vote Conservative in the Euro-elections. "The point I'm putting across," he told me breezily on the telephone, "is that our European representation wants to be as Tory as possible because we have a Tory Government now."

Vaneek was equally optimistic about the future of the "Paris Lecture" which he thought of while Lord Mayor of London last year. He regards it as an important contribution to Franco-British brotherhood.

Others seem to have doubts. The inaugural lecture earlier this week produced—as I mentioned yesterday—a curious tirade against the French and German Governments, and the European Monetary System. It was delivered by a Gaullist professor from Clermont-Ferrand—in French.

"I'm promised to lecture in English," said John Ord, an administrator at the City University, where the lecture was held. "Then a message arrived the day before the lecture, demanding simultaneous translation. We couldn't get any agency in London to do it at that short notice."

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## Head winds

The Lonrho-owned freight airline, Tradewinds, has been flying into some gusty opposition over its plans to run a scheduled service into the Sudan. The Civil Aviation Authority heard British Airways' objections to the proposal three weeks ago and is still deciding whether to give Tradewinds a licence.

The airline was bought by Lonrho last year, but has been operating since 1970. This is the first time that it has applied for the right to run a scheduled service. Tradewinds wants to fly Boeing 707s three times a week from Gatwick to Khartoum.

so keen to get on to a scheduled basis is a fear that the Sudan may step up the existing 10 per cent royalty on all foreign non-scheduled freight revenues—a scheme designed to aid its own national airline.

## Busy day

With the weather improving after lunch yesterday, I strolled down to the Chartered Insurance Institute, fancying there must be some material to be extracted from the annual meeting of the Stock Exchange. The battle of a lifetime is about to be joined in the Restrictive Practices Court: an entire sea-change could come about through membership of the EEC. And there are plenty of grumbles about rising charges, not least the increases in officials' salaries last year.

Alas, my notebook, remains unutilised. Pressing my ear against the glass doors — the Press is not allowed in — was both uncomfortable and uninteresting. Just 50 of the 4,000 complement bothered to turn up, none of them feeling called on to ask any questions. If must have been a particularly busy day in the market.

## Last exit

The elevation of Mrs. Thatcher has not been greeted with rapture in Moscow, as might have been expected. But it has evoked a typical back-handed joke in the Eastern bloc. This describes the British Premier's first meeting with Mr. Brezhnev, at which she tells him that if they are to get along well, there is one request he must accede to immediately. "What is that?" asks the Soviet leader warily. "You must allow all the people who want to leave the Soviet Union to go, without hindrance," says Mrs. Thatcher.

"Ah," says Brezhnev, brightening up. "So you want to be alone with me!"

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**Observer**







# R/Dutch Shell boosted by stocks and currency gains

## HIGHLIGHTS

AFTER NET currency gains of £87m, compared with losses of £293m net income of the Royal Dutch/Shell Group amounted to £618m in the first quarter of 1979, compared with a break-even position in the same period of 1978—restated from £8m originally reported.

However, trading conditions were, substantially affected by crude oil price increases and by the disruption of Iranian exports. While product prices increased in most markets these were not sufficient to keep pace with the overall rise in supply costs.

Mr. Michael Pocock, the chairman, said at the AGM yesterday that the start to the year was "not as good as the figures at first suggest." The group still needed to improve margins to finance inventories at higher prices and to carry out large capital expenditure programmes.

Last year Shell group spent just over £2.3bn and in 1979 expenditure was expected to continue at the same high level. The chairman said the main thrust would be in North Sea investment, in U.S. domestic sources, in the development of coal sources, and in a new liquefied natural gas project in Malaysia. In Canada negotiations were continuing for a major project to produce oil from tar sands.

In the first quarter of the current year group capital expenditure world-wide totalled £438m—some £60m less than in the same period of 1978.

Commenting on the first quarter, the directors explain that net income was higher for two main reasons—the distorting effect of currency transactions, and inventory appreciation, reflecting the FIFO method of accounting which is used by most Shell companies.

The effect of this method was particularly marked as the higher costs of purchases following the OPEC price increases in the period were not fully reflected against current quarter income.

The directors report that the contribution by Shell Oil of the U.S. and Shell Canada to group sterling net income increased by £27m. Shell Oil attributed its dollar earnings growth of 16 per cent mainly to higher crude oil and natural gas prices. The 25 per cent increase in Shell Canada's dollar net income was largely due to improved product prices and sales volumes.

Excluding these two companies, sales volumes of oil products were maintained at the level of the 1978 quarter, but were slightly below the fourth quarter 1978 level.

The sales volume of natural gas increased by 8 per cent reflecting cold weather in Europe. Chemicals earnings improved from the low level of 1978 due to increases in sales and reduced product prices. However, the directors say that with further feedstock cost increases the outlook for chemicals remains uncertain.

Metals results benefited from general improvements in world prices. First quarter 1979 results

included £32m from the disposal of the share in General Atomic's uranium and light water reactor fuel business.

Long-term debt amounted to £3.4bn at March 31 and cash and short-term securities £2.71bn.

First quarter 1979 1978

Revenues	7,918	6,901
Sales proceeds	1,588	1,383
Sales taxes, duties	5,330	5,518
Other revenues	134	138
Share of assoc.	186	50
Interest income	6,752	5,756
Making	6,752	5,756
Costs and expenses:		
Purchases and expenses	4,508	4,186
Selling expenses	580	731
Research and dev.	78	71
Depreciation, etc.	46	42
Interest	208	178
Income tax	85	84
Minorities	608	477
Making	40	28
Net income	6,134	5,728

CRUDE SUPPLY

Europe	320	183
Africa	513	602
Middle East	1,358	1,714
For East and West	105	118
U.S.A.	397	687
Canada	77	77
Rest of Western Hemisphere	217	229
Local purchases	1,204	1,045
Total	4,511	4,423

EXPENDITURE

Europe	184	174
Rest of Western Hemisphere	88	80
U.S.	181	187
Canada	13	07
Rest of Western Hemisphere	7	3
Bankers	18	17
Total	438	471

See Lex

At the same time the company forecasts an increase in pre-tax profits from £1.27m to about £1.85m for the year to August 15, 1979—a net final dividend of 1.6p on the increased capital will lift the total from 1.9728p to 2.5p.

A total of 6.23m new ordinary shares are being offered to the holders of ordinary stock, convertible debenture stock, and other convertible loan capital at 115p per share on the basis of one-for-eight, or which would be held on conversion.

Guardian Royal Exchange Assurance Group, Royal Insurance Group and USF Nominées (the nominee company for Unilever Superannuation Trustees) have irrevocably undertaken to take up their entitlements under the issue totalling 3.13m shares.

The remainder of the issue has been underwritten by Kleinwort, Benson. The brokers are Laming and Cruickshank and Sirlin, Hendry and Company.

The directors believe the company's present forms of expansion should continue. Negotiations are at an advanced stage, or have recently been completed for the acquisition of shop investments in Dumbarton and Hamilton and of office, industrial and warehouse premises in Aberdeen and Inverness. The total amount involved is around £3.3m cash, part of which would be income producing during the current year.

In addition, the company is about to start a two to three year programme costing in excess of £3m, and payable in cash, for the construction of industrial estates in Glasgow, Edinburgh and Dumfries and for office refurbishing and supermarket projects in Glasgow.

# Scott. Metropolitan asking for £7.4m

They say that the company does not rely on short-term borrowings to finance its investment programme. Having regard to the cost of servicing long-term debt and also the amount of Scottish Metropolitan's convertible capital already outstanding, the directors believe that additional finance should now be raised by a share issue.

Scottish Metropolitan's rights issue is possibly the best way of raising cash given that the company chooses not to finance its expansion programme by way of short-term bank borrowings and the long-term fixed interest market is more expensive. Given that there is no immediate call on the proceeds, the consequent investment income will probably make the £7.5m price forecast look a little conservative. Even after the company's expenditure commitments, there will be a useful surplus—and coupled with a healthy cash flow, this gives the company wide flexibility to take advantage of market opportunities as they arise. The ex rights yield is 2.7 per cent.

MAXIM'S

Maxim's has announced the allotment basis for shareholders opting for a scrip issue in lieu of dividend.

Residents of the UK and Scheduled Territories will be entitled to one share for 141 held, and residents of the UK and Scheduled Territories will get one for 115 held.

Dutton's share price dropped 3p to 50p yesterday despite the

# Dutton-Forshaw jumps 30% to record £4.2m

A 30 per cent increase in pre-tax profits to a record £4.17m is reported for 1978 by Dutton-Forshaw Group, distributors of motor vehicles and agricultural and construction machinery.

The directors state that despite the problems of BL the group has sold a record number of BL cars and commercial vehicles—40 per cent of profits came from BL cars outlets. Jack Barclay, the Rolls-Royce distributor made a sharply higher profit contribution and demand continues to increase.

Despite the Ford strike Harrogate Motors increased profits and made a substantial contribution to the group.

The agricultural and construction machinery division pushed up profits 21 per cent to £766,000.

At the net level profits showed a 33 per cent increase to £3.72m while earnings per share come through 8 per cent higher at 14.1p. The dividend is increased from 2.95p to 3.13p net with a final of 1.85p.

On the current year the directors report that operations were affected in January and February by the weather and by general industrial troubles, in particular, the transport strike.

In the car outlets margins have been affected by increased competition and price cutting, but it is hoped to return to more orderly trading during the rest of the year.

Sales of new and used Rolls-Royce cars remain at record levels, and profits are higher. The group's moves into Ford and Chrysler are well established.

Between 1976 and 1977 the group's borrowing ratio fell from 0.87 to 0.73. During 1978 the ratio has fallen to 0.69. Furthermore, new arrangements have been made for financing the purchase of BL cars. These include the repayment of bulk deposits with BL cars amounting to about £4m, and will reduce the borrowing ratio still further.

The group has continued its policy of selling surplus properties and in 1978 sales realised £1.1m—a net surplus over book value of £337,000. A professional valuation of the group properties is being arranged during 1979.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of div.	Total for year	Total last year
Bank of Ireland	11	—	10	17.5	15
Barlows	7.86	July 2	7.86	7.86	7.86
Matthew Brown	1.25	Aug. 3	1.1	1.35	1.35
Dutton Forshaw	1.88	—	1.81	3.13	2.81
J. Folkes Hefo	1.69	Aug. 7	0.99	1.23	1.23
Amos Eaton	1.62	July 10	1.45	2.22	2.91
Home Brewery	0.7	June 30	0.65	—	1.63
Industrial & General	1.45	June 22	1.15	2.15	1.75
Midland Inds.	1	July 2	0.53	—	1.16
Merland	0.75	June 28	0.58	—	1.51
Nth American Tst Int.	1	July 2	1	—	3.08
Pyramid (Publishers)	2.18	July 6	1.81	2.74	2.85
Redman Heenan	1.25	Sept. 23	1.01	—	3.83
Scottish European Inv.	1.1	July 13	1.2	1.65	1.5
Stockholders Inv.	0.5	June 28	0.5	1.05	0.98
Third Mile Inv.	3.85	—	3.5	6.6	6
C. and W. Walker	2.17	—	1.97	—	3.14
Whesoe	2.9	July 20	2.6	4.55	4.88
Whitbread Inv.	1.45	July 20	1.3	2.68	2.3

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ After adjustment for scrip and share split. § On or after July 6.

# Alex. Howden \$30m bond issue

Arrangements have been completed by Alexander Howden Finance B.V. for the issue of U.S.\$30m 9 1/2 per cent guaranteed bonds 1991 at a price of 99 per cent.

The bonds will be unconditionally and irrevocably guaranteed by Alexander Howden Group, the insurance concern.

Each bond of \$1,000 will have one warrant attached entitling the holder to acquire 150 registered ordinary shares in Alexander Howden at 100p each (subject to adjustment). This represents a premium of approximately 7.5 per cent over the middle market price at the close of business on May 16.

Warrants will be detachable immediately and will be exercisable on and after June 1, 1980 up to and including June 1, 1991.

The bonds with the warrants attached are being offered

through an international syndicate managed by J. Henry Schroder Wagge and co-managed by Amsterdam-Rotterdam Bank, Kredietbank International Group, Nomura Europe, Salomon Brothers International and Westdeutsche Landesbank Girozentrale.

Listings have been granted by the Stock Exchange for the bonds with the warrants attached, and for the bonds and the warrants separately. Dealings are expected to commence today.

SCOTTISH EUROPEAN

Gross income of the Scottish European Investment Company increased from £91,899 to £1,072,000 for the year ended March 31, 1979. Revenue available for ordinary holders emerged ahead by £8,219 to

£262,000.

A net final dividend of 1.25p raises the total from 1.5p to 1.65p per share, costing £247,500 (£225,000).

Net asset value per 25p share is shown up from 53.1p to 57.6p.

Whitbread Investment advances

Profit after tax of Whitbread Investment Company went ahead from £1.74m to £1.93m in the year to March 31, 1979. Stated earnings per 25p share are up from 4.13p to 4.6p.

The final dividend of 2.9034p raises the total from 4.0776p to 4.5535p per share.

Tax for the year took £1.09m, against £1.06m.

At midday, net profit was up from £858,435 to £939,947.

the remainder of the issue has been underwritten by Kleinwort, Benson. The brokers are Laming and Cruickshank and Sirlin, Hendry and Company.

The directors believe the company's present forms of expansion should continue. Negotiations are at an advanced stage, or have recently been completed for the acquisition of shop investments in Dumbarton and Hamilton and of office, industrial and warehouse premises in Aberdeen and Inverness. The total amount involved is around £3.3m cash, part of which would be income producing during the current year.

In addition, the company is about to start a two to three year programme costing in excess of £3m, and payable in cash, for the construction of industrial estates in Glasgow, Edinburgh and Dumfries and for office refurbishing and supermarket projects in Glasgow.

# Pyramid improves to £0.25m

Pyramid Group (Publishers) improved by £12,140 to £249,837 for 1978. Turnover was ahead at £1,369,805 against £1,037,897.

Trading profits advanced from £126,394 to £187,706, reflecting the benefits of acquisitions made in the previous years, before the reduced interest of £61,931 (£111,133).

Tax takes £138,868 (£131,845) and with an extraordinary credit of £78,457 this time, attributable profits increased from £105,852 to £189,226.

Stated earnings per 10p share were up at 5.5p (5.3p), before the extraordinary item, and at 9.5p (6.5p) after. A net final dividend of 2.1543p lifts the total payment from 2.4504p to 2.7363p—the maximum permitted.

OFFSET BY an expected decline in interest receivable on monies due from the sale of a former subsidiary in 1978, pre-tax profits of Pyramid Group (Publishers) improved by £12,140 to £249,837 for 1978. Turnover was ahead at £1,369,805 against £1,037,897.

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# Ladbroke now one of the top 70 U.K. public companies

Mr. Cyril Stein, Chairman and Managing Director, tells shareholders in the group's annual report "Today we operate ten large and successful businesses, employ over 15,000 people and rank in profit terms within the top 70 U.K. public companies... we look forward to the future with confidence."

Profit for 1978 was £41.4m on turnover of £469m, once again maintaining the series of record figures for each consecutive year since becoming a public company in 1967.

The Group's payments to the Exchequer and local government amounted to over £50m; foreign currency accepted by the Ladbroke London casinos amounted to £49m.

The dividend of 7.8166p per share is the maximum permitted and is covered 5.1 times. It is the directors' intention to recommend a substantial dividend increase as soon as possible.

Asset value per share has risen to 158.65p and net assets employed of £178m include £15m in cash and government securities.

Capital expenditure in 1978 reached an all-time high of £44m.

Ladbroke Racing, the brand leader, increased the number of its retail units to 962 and total floor space by 11%.

Ladbroke Casinos in London and the provinces have brought new standards to the industry and have achieved a pre-eminent reputation. Additional casinos will open shortly in Bristol and Newcastle.

Ladbroke Hotels now operates 30 hotels and motor inns in England, Scotland and Wales and is very much a force in the hotel industry.

Ladbroke Holidays, with 29 holiday operations catering for over half a million holidaymakers during the season, is firmly established as the third largest operator of U.K. holidays.

Ladbroke Pub and Restaurant chain plans to expand rapidly and has recently acquired the R. V. Goodhew Group.

The value of the property division's investment and dealing properties will be over £100m when projects in hand are completed.

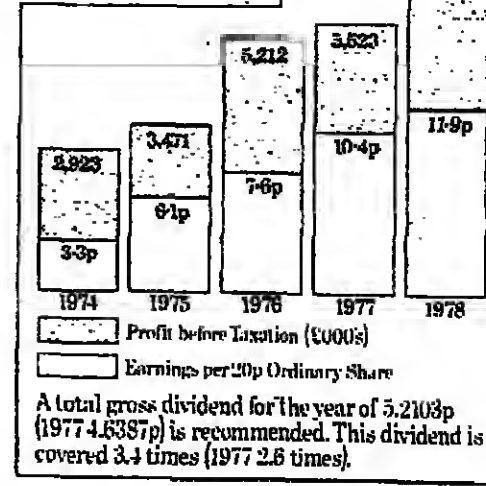
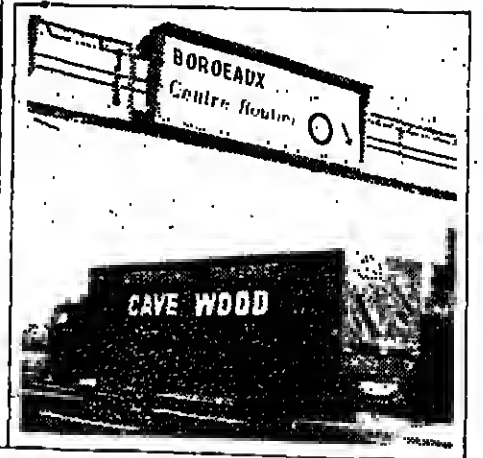
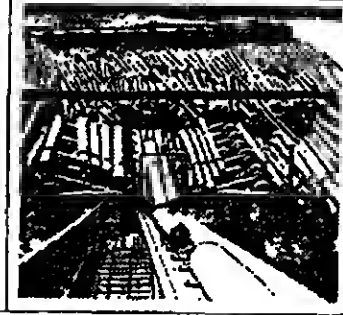
**Ladbroke Group Limited**

Copies of the Report and Accounts are available from the Secretary, Chancel House, London NW10 2XE.

# Another Record Year

Record profits again in 1978-I am confident our results will improve further in 1979...

Kenneth Thorogood, Executive Chairman



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# Whessoe forecasts fall but prospects brighter

A FURTHER profits fall is forecast by Whessoe, the Darlington based engineering group, for the year to September 30, 1979. In 1977-78 profits fell by £0.5m to £2.8m but this was after exceptional exchange movements of £0.36m.

In the half year to March 31, 1979 pre-tax profits are lower at £0.98m against £1.13m at the trading level heavy engineering showed an improvement from £0.52m to £0.59m while light engineering was down from £0.38m to £0.36m and the contribution from Aiton fell from £1.28m to £1.14m.

Lord Erroll, chairman, says that U.S. heavy engineering will continue to be affected for some time yet by the reorganisation of the Darlington works in readiness for expected nuclear work. The chairman says that overall capacity loading is not yet adequate and profits remain depressed.

However, he points out that contract negotiations for a large volume of nuclear fabrication and construction work are now at an advanced stage. If these are concluded soon, the performance of the heavy engineering side should begin to benefit.

increased activity next year and longer term prospects would be much improved.

The chairman reports that Aiton again produced good trading profits in the UK and abroad but overseas earnings have been substantially affected by exchange adjustments.

The group continues to win work abroad, and with the recent award of the Flon Dray power station contract in the UK, Aiton is in a strong position to sustain its level of activity well into the future.

	First half 1978-79	1977-78
Sales	23,948	24,056
Light eng.	10,000	9,273
Heavy eng.	8,271	5,940
Trading profit	2,980	2,172
Finance	587	516
Light eng.	359	280
Heavy eng.	1,144	1,376
Depreciation	508	581
Pre-tax profits	413	479
Profit before tax	951	1,128
Overseas tax	114	114
Net profit	837	1,014

The chairman says that although there is an improvement in market conditions the heavy engineering activities continue to show useful sales and trading profit.

The net level profits came through at £0.32m (£0.37m for the half year) and earnings per

25p share are stated to be lower at 5.8p (6.3p). The interim dividend is raised from 1.97p to 2.167p—the total for 1977-78 was 5.14p.

### comment

Whessoe's heavy engineering side is causing problems. For a start it is still being affected by the reorganisation of the Darlington works and it is having a tough time finding new orders following the drop in demand from its major customer, the oil industry worldwide. It is planning its hopes on a large nuclear fabrication and construction contract. If Whessoe gets the order, the future is relatively bright, but if not it will be struggling. On the light engineering side sales and profits are holding up well despite the absence of orders from marine tanker builders. Aiton is doing well in the UK, Australia and Canada but the strong pound takes the edge of the latter two's shares on conversion. Profits for the full year look like being around £3.5m and, with the shares at 124p, the prospective fully taxed p/e is 8.5 and the yield is 6.9 per cent. The shares have moved up by almost 50 per cent in the past six months and further gains will depend on the success of the nuclear move.

# Recovery for Folkes Hefo

ALTHOUGH TAXABLE profits were down £0.44m to £1.51m at midway, John Folkes Hefo, the engineering group, recovered in the second six months to finish 1978 higher at £3.5m compared with £3.06m. Turnover rose from £54.94m to £67.47m.

The directors say that in the first four months of 1979, profits earned are at a higher rate than in the first half last year. With the trend upwards, the full-year result is expected to be greater than for 1978.

A divisional breakdown of 1978 profits before tax and loan stock interest of £3.52m (£3.1m) shows (in £000s): Industrial property £1,219 (£1,140); engineering £1,650 (£1,889); merchandising £463 (£235); housing £153 (£261 loss).

After tax of £895,000 (£824,000) net profits improved from £2.74m to £2.81m. The dividend total is raised from 1.94778p to the maximum permitted 1.5289p net, with a 1.0899p final.

There were reduced extraordinary debits of £159,000 compared with £975,000, and retained profits emerged up from £1.06m to £1.64m.

At the year end, net assets showed an 11 per cent increase to 40p.

### comment

John Folkes Hefo believes it will return to a growth track this year and both internal and external estimates are placed at around £4.25m pre-tax. The housing division, with a £114,000 turnaround, was responsible for much of the 14 per cent improvement last year and is expected to perform well again in 1979, despite some contraction of currently wide margins. But JFH will be looking to the forging, building supplies and steel divisions for the advance which it is confidently seeking over the next decade. Forgings made around £400,000 against £230,000 and could contribute about £800,000 this year with perhaps something over £1m in 1980. The cycle, the group feels, turned last autumn after a two-and-a-half year downturn. Steel

profits dropped about £50,000 but the new Schumag bright drawn steel machine is expected to lift divisional turnover from £57m to at least £90m and the additional sales should achieve a 8 per cent pre-tax margin. Building supplies lost a further £207,000 but improved labour relations and a 20 per cent overhead cut are expected to turn the corner. The shares, unchanged at 32½p yesterday, are on an historic p/e of 5.4 and a yield of 7.3 per cent. At the target level of recovery, a same again 20 per cent tax charge implies a 4.5 p/e which is yet to discount the benefits of investment and loss elimination.

# Witan dividend up 15%

EARNINGS IMPROVED by 11 per cent from £2.03m to £2.31m at Witan Investment Company in the year to April 30, 1979, after tax of £1.31m, against £1.21m. Gross income rose by 20.8 per cent to £6.95m.

Stated earnings per 26p share were up 4.28p at 2.7p from £2.26p. A net total dividend raised 15 per cent to 2.65p (2.3p) by a 1.45p final. Dividends absorb £2.19m (£1.68m).

At year-end investments and subsidiaries amounted to £135m (£119m) and net current assets and deferred tax stood at £4.44m (£7.01m). Net assets per ordinary and B ordinary share, with currency loans and debenture stock at par, was up at 139p (122.9p) including 8.9p (16.8p) investment currency premium.

Interest charges were higher at £2.81m (£1.57m) and management expenses took £0.51m (£0.46m).

# Midland Industries raises interim

PRE-TAX profits of Midland Industries were virtually static on lower turnover in the half-year to March 31, 1979. The surplus came out at £1m against £861,000, on turnover down from £1.4m to £1.02m.

The directors say the group is now trading well and they anticipate a successful result for the 15-month period to December 31 this year. From 1980 onwards the company will benefit from full working on all capital plants installed over the past years and the Board expects a continuing record of profitable growth.

The interim dividend is being hoisted from 0.53p net per 5p share to 1p. The directors consider the increase prudent in the light of the group's trading pattern. A total of £22,000 (£23,000) will be waived by the chairman, his wife and a director.

The final dividend will be reviewed when Government policy is clear. Last year the group paid a total of 1.161p on taxable profits of £2.11m.

The directors point out that the half-year results were achieved in the face of strikes at major customers and, in perti-

cular, the hantase strike which held up large export orders.

Considerable reorganisation and rationalisation is going on. RMI (Foundries) has been sold and the group has disposed of the Avon Tool Company site.

Foundry production will be concentrated at Bingley and Smethwick where major capital expansion has been carried out over the past few years. By the end of the current financial period the foundry operations will be using new plant equal to anything in Europe. This will boost output and enable the group to supply a more sophisticated range of castings, the directors say.

Tax for the half-year takes £221,000 (£500,000) leaving net profit of £861,000, compared with £861,000. After dividend costs of £37,000 (£47,000) retained profit is down from £141,000 to £294,000.

### GRAMPIAN TV

The Treasury has refused permission for Gramplan Tele-

vision to pay a final dividend of 0.42p on account of the year ended February 28, 1979.

The total for the year, therefore, remains at 2.44p (2.2p), the maximum permitted.

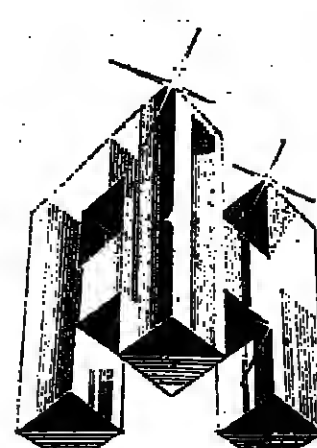
# Morland's growth continues

FURTHER PROGRESS was achieved by Morland and Co., the Abingdon based brewer and wine and spirit merchants, in the half year to March 31, 1979 with taxable profit moving ahead from £429,675 to £505,533.

In December the directors had said the outlook remained uncertain but figures for the first months of trading were encouraging. For the whole of 1977-78 the surplus was a record £0.96m (£0.82m).

The net interim dividend is effectively raised to 0.75p (0.6375p) per 26p share. A final equivalent to 1.1143p was paid last time.

John Folkes Hefo



# Interim Results On Target

Interim Results (unaudited) for 6 months ended 31 March, 1979

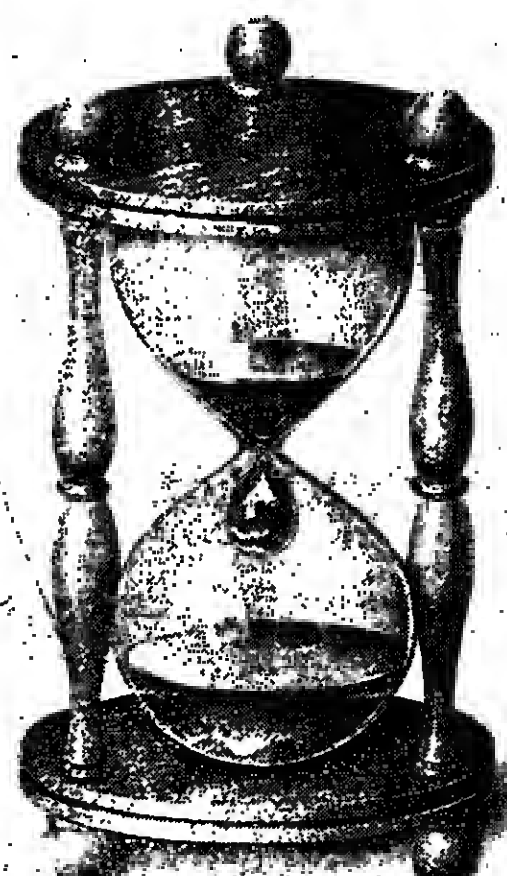
	6 months to 31st March 1979 £000	6 months to 31st March 1978 £000	Year to 30th September 1978 £000
<b>Turnover</b>	<b>24,282</b>	<b>15,039</b>	<b>34,270</b>
Trading profit	1,216	949	2,888
Interest payable	(22)	(47)	(73)
Profit before taxation	1,194	902	2,812
Taxation	(358)	(236)	(709)
Profit after taxation	836	666	2,103
Extraordinary items	—	—	83
	<b>836</b>	<b>666</b>	<b>2,186</b>
<b>Dividends:</b>			
Preference	(6)	(6)	(12)
Ordinary	(372)	(150)	(302)
Profit retained	<b>458</b>	<b>510</b>	<b>1,872</b>

The Directors declare an interim dividend of 2.0p net per Ordinary share (1.009p net last year) equivalent to 2.985p gross, payable on 28th September, 1979. This increase is in line with the forecast made at the time of the recent rights issue.

Results for the year as a whole should show a further useful advance on 1978.

# Redman Heenan International Limited

EO, Box 29, Shrub Hill Road, Worcester WR4 8EQ



# Act now on energy

Extracts from the speech by the Chairman of The "Shell" Transport and Trading Company, Limited, Michael Pocock, at the Annual General Meeting on Thursday, 17 May

Events in Iran give all consuming nations a long-term warning to act now to reduce dependence on imported oil by developing both conventional and alternative energy supplies and by sensible conservation, or there may well be hard times ahead. Considerable investment will be needed, with prospects for new jobs and attractive financial returns.

We find it difficult to envisage a future world adequately supplied with energy in which fission-based nuclear power does not play an important part. Most governments seem to accept this necessity and look upon the Harrisburg accident in the United States as a warning to check safety requirements, not as a reason to halt their nuclear programmes.

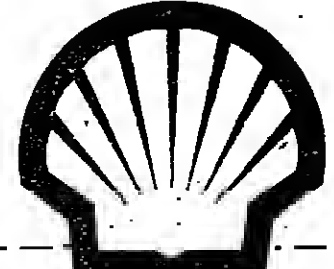
Investment bears fruit  
Shell companies are spending heavily to provide future energy. In 1978 the Royal Dutch/Shell Group's capital expenditure amounted to £2,300 million, more than double its net income for the year. The highest proportion went to find and develop new sources of oil and gas.

North Sea operations are reaching fruition after years of high-cost, high-risk investment and exceptional technical endeavour. By the mid-1980s the Shell share of production from UK waters should reach 450,000 barrels a day of oil and natural gas liquids, plus dry gas deliveries averaging 650 million cubic feet per day.

The major individual fields have already been discovered; the future will depend on the successful development of progressively smaller discoveries. With a sensible taxation and licensing policy, it should be possible to maintain the UK's self-sufficiency in oil and gas to the end of the century. Without it, the country could again be a net importer of oil well before the end of the 1980s.

Stocks are low  
The immediate impact of the 1978 oil cut-backs was cushioned by suppliers' ability to draw on their existing stocks. Our assessment is that world stocks at the end of the first quarter of this year were as low as they can realistically go. Even with Iranian production back on stream, there are problems. We hope to avoid a summer petrol shortage but we are concerned now about the provision of adequate supplies of heating oil for next winter.

Capitalisation issue  
The capitalisation issue of one share for each share held will not alter the overall value of the Company, but it will enhance the marketability of the shares and will bring the Company's share capital closer into line with the value of assets employed. It does not, however, lead to a higher level of dividends.



For copies of the full text of the Chairman's Speech and of the Company's Annual Report for 1978, please complete this coupon and send it to:-

Ian Arthur, Manager, Shareholder Relations, The "Shell" Transport and Trading Company, Limited, Shell Centre, London SE7 7NA.

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UK COMPANY NEWS

Redman Heenan improves 32% at six months Amos Hinton falls £0.4m but expecting upturn Wigfall short on forecast

FOLLOWING THE record £281m profit for the year ended September 30, 1978, Redman Heenan International, the specialised engineering group, continued to move ahead in the first six months of the current year, with a 32 per cent increase in pre-tax profits from £92,000 to £139m.

Turnover jumped 61 per cent to £242.25m, but the directors explain that £8m of this was in respect of long term contracts which made no contribution to profits. In the previous year, turnover totalled £154.27m.

The directors report that the rate of order intake has remained reasonably encouraging during the first half, and full year results are expected to show a further useful advance over the previous year.

Half-yearly trading profits climbed 28 per cent to £12.2m, before interest charges of £22,000 (£47,000). After tax of £38,000 (£296,000) net profits increased from £68,000 to £100,000.

In line with the increase forecast at the time of the recent rights issue, the interim dividend is stepped up from 1.009p to 2p net per 10p share on increased capital—payments totalling 4p have been projected for the current year compared with 2.027p in 1977-78.

The ordinary dividend absorbs £372,000 (£150,000).

Stripping out the £6m in turnover which contributed to profit, the underlying sales growth was

31.6 per cent at Redman Heenan International, so margins have improved by half a point to 8.5 per cent at the pre-tax level. It is encouraging that very little of this increase was attributable to loss reduction. The £6m was contributed by the former loss-maker, Heenan Environmental Systems, and losses on these contracts have already been written off. The company is scarcely obtaining any tax relief on losses now, however, so the charge is being steady and holding down the net earnings figure. The stated charge for the first-half was 30 per cent, still fairly low because of relief on around £2.5m of expenditure foreseen for this year. Pre-tax profits for the year could well rise to around £3.2m which, at 75p, puts the shares on a prospective p/e of 6.1, on the basis of a 30 per cent tax charge. On a fully-taxed basis the rating is 8.9.

Dhamai Hldgs. accounts delay

The Board of Dhamai Holdings says that because of the usual difficulty in obtaining information from Bangladesh publication of the 1978 accounts will be delayed to July or August.

It anticipates that the year's total income will be similar to that of 1977, but with lower expenses. It believes the consolidated results will show a profit.

All bills of exchange receivable to date in Bangladesh have been met. The directors are pressing their overseas agents to send the remittance to the UK of at least part of the overseas funds.

Bangladesh tax demands have to some extent been modified but the Board is still far from an agreement.

Industrial & General up 19.2%

A RISE of 19.2 per cent in revenue, from £3,97m to £4,74m, after tax of £2.65m, against £2.33m, is reported by Industrial and General Trust for the year to March 31, 1979. Gross income for the company, which is a member of Touche, Remnant Management Group, was 2.4 per cent ahead at £9.86m.

Stated earnings per 25p share improved to 2.1p (1.88p) and a net final dividend of 1.45p lifts the total by 22.9 per cent to 2.15p (1.75p).

Year ended total net assets amounted to £204.2m (£189m) including equivalent to 84.4p (87.5p) per share with prior charges and par and including 3.7p (5.3p) investment currency premium. The capital gains tax element at this valuation is put at 4.3p (3p).

TAXABLE profits of Amos Hinton and Sons, the food and drinks group, were below expectations for the year to March 3, 1979.

The surplus fell from a record £1.73m to £1.38m on turnover ahead from £61.06m to £65.34m. The figures reflect the introduction of the new distribution systems, and include the costs of starting up the Canny discount stores.

At midway pre-tax profits were also down—from £988,000 to £532,000. The directors then sold the downturn was due to the price war and the distribution system changes.

However, the Board now says that the company development plan should produce substantial benefits this year.

The tax charge is down from £903,000 to £219,000 and stated earnings per share are up from 15.06p to 18.82p. The net final dividend of 1.34p lifts the total from 2.904p to 3.224p.

The attributable figure is up from £702,000 to £983,000 after a fall in extraordinary debits from £126,000 to £48,000.

comment Amos Hinton is clearly one of the casualties of the supermarket price war although the group's problems have been exacerbated by major changes in the group's distribution systems. Supermarket sales for the full year showed only a 5 per cent increase, reflecting a worrying volume shortfall and profits slipped by a fifth to £1.35m, while three more supermarkets

were closed than opened during the period. Elsewhere, teething problems and January's lorry drivers' strike resulted in a £55,000 loss for the new Canny operation but this was offset by a £60,000 contribution from off-licences, thanks mainly to acquisitions and new openings.

In the current year Hinton should have started out its distribution problems but it is still early days to judge whether it can, like other supermarkets, start improving margins. The low tax charge puts the p/e at 5.5 while the yield is 4.7 per cent at 105p.

Increase by Bank of Ireland

AFTER REPORTING unchanged mid-year profits of £20.41m, Bank of Ireland ended the March 31, 1979, year with taxable surplus ahead from £42.55m to a record £45.91m.

At the interim stage, the directors explained that due to changes in trading pattern, second half results were expected to show a considerable improvement.

Earnings per £1 share for the year are shown down from 74.2p to 69.9p basic, but up from 67.8p to 69.1p diluted. The dividend total is lifted to 17.5p (15p) net, with a final of 11p.

A professional revaluation of the group's properties has resulted in a surplus of £10.28m. Tax took £17.48m (£17.03m) and attributable profits were up from £25.52m to £29.04m. The balance retained emerged at £21.5m, against £20.15m.

C. Walker improves to £0.77m

Despite nationwide industrial unrest and severe weather in the final quarter, taxable profits of C. and W. Walker Holdings improved from £735,151 to £771,135 in the 53 weeks to February 3, 1979. Turnover moved ahead from £6.1m in the previous weeks to £7.2m.

Mr. George Lewis, chairman, says this year began with renewed vigour, and the recent acquisition of Lakers (Northern) and the capital spending programme of the past three years, "should ensure continued growth."

After tax reduced from £270,199 to £232,098, net profit rose from £464,952 to £539,037. A final dividend of 3.85p net per 25p share lifts the total from 6p to 6.6p, as forecast at midway. There is also a five-for-four scrip. Earnings per share are shown to have risen from 28.89p to 30.2p.

Henry Wigfall, the TV and electrical rental and retail group, will fall slightly short of its profit predictions for the full year, as a result of the lorry drivers' dispute, the Price Commission's criticisms and interest rate levels.

However, Mr. Frank Morrell, the chairman, said yesterday that with the final figures not yet complete he hopes the total will be "not too far off" the prediction of materially higher profits made at the interim stage. City expectations had been for about £1.9m pre-tax.

The shares did not react to the news and closed at 267p unchanged.

Business was generally up at the present, Mr. Morrell said, particularly on the white goods rental side.

The company intends to expand its chain of TV rental shops and also its fashion chain in the north.

Johnson Cleaners starts well

Trading so far this year at Johnson Group Cleaners has been very satisfactory, and at the end of the March quarter profits were ahead of the previous year and this trend was continuing, Mr. John Crockett, the chairman, said at the annual meeting.

The severe weather in January

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends and interest on loans and the like are shown below are based mainly on last year's timetable.

Company	Date
BOC	May 22
Bass	May 22
Dunlop and London Inv. Ltd.	May 22
Gammes Holdings	May 22
Finals	May 22
Castings	May 22
Fortnum and Mason	May 22
Land Securities	May 22
Purchase Services	May 22

adversely affected the dry cleaning side, but this shortfall against the directors' forecasts was made good by the end of the quarter. The continuing expansion of the textile rental division has added to group profitability, he reported.

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The Association of Investment Trust Companies INVESTMENT TRUSTS: net asset values

Total Assets less current liabilities (1)	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges (6)		Investment Currency Premium (see note g) (7)	Total Assets less current liabilities (1)	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges (6)		Investment Currency Premium (see note g) (8)	
					at nominal value (6)	at market value (7)							at nominal value (6)	at market value (7)		
169.8	VALUATION MONTHLY	Ordinary 25p	30/4/79	Pence except where stated (see note d)	19.1	48.1										
96.5	Alliance Trust	Ordinary 25p	30/4/79	3.3	147.3	152.8	9.1	118.5	Atlantic Assets Trust	Ordinary 25p	30/4/79	0.4	151.6	158.3	17.6	
142.2	British Investment Trust	Ordinary 25p	30/4/79	5.7	215.3	219.5	12.7	36.6	British Assets Trust	Ordinary 25p	30/4/79	2.8	101.0	106.5	8.9	
30.5	Capital & National Trust	Ord. & "B" Ord. 25p	30/4/79	*4.6	193.8	196.5	10.5	16.3	Edinburgh American Assets Trust	Ordinary 25p	30/4/79	0.6	76.6	78.1	10.2	
13.7	Claverhouse Investment Trust	Ordinary 25p	30/4/79	4.4	137.2	137.2	-		Viking Resources Trust	Ordinary 25p	30/4/79	1.32	144.4	144.4	11.5	
13.7	Crossfairs Trust	Ordinary 25p	30/4/79	3.7	137.3	137.3	-	13.1	Keyser Ullmann Ltd.	£1 Cap. Loan Stock	30/4/79	-	-	211.0	-	
15.6	Dundee & London Investment Trust	Ordinary 25p	30/4/79	2.5	101.8	103.2	3.6	56.1	Throgmorton Secured Growth Trst.	Ordinary 25p	30/4/79	4.375	123.7	125.4	-	
49.0	Edinburgh Investment Trust	£1 Defrtd	30/4/79	7.9	352.3	352.3	12.5		Chromorton Trust	Ordinary 25p	30/4/79	-	-	-	-	
105.0	First Scottish American Trust	Ordinary 25p	30/4/79	3.15	135.2	140.2	9.2	32.3	Klewort Benson Ltd.	Ordinary 25p	30/4/79	1.85	62.3	63.4	2.4	
14.3	Grange Trust	Ordinary 25p	30/4/79	2.4	127.8	131.7	3.9	26.4	British American & General Trust	Ordinary 25p	30/4/79	4.0	159.2	161.8	6.8	
30.3	Great Northern Investment Trust	Ordinary 25p	30/4/79	4.5	167.5	169.1	5.9	37.2	Brunner Investment Trust	Ordinary 25p	30/4/79	2.45	86.4	88.5	2.7	
68.2	Guardian Investment Trust	Ordinary 25p	30/4/79	3.15	126.7	131.3	5.0	47.9	Charter Trust & Agency	Ordinary 25p	30/4/79	3.0	115.6	117.1	5.2	
34.6	Hume Holdings	"A" & "B" Ord. 25p	10/7/79	*4.584	1107.2	1110.0	1.3	5.7	English & New York Trust	Ordinary 25p	30/4/79	4.6	130.5	130.5	0.1	
87.0	Investors Capital Trust	Ordinary 25p	30/4/79	2.0	111.7	117.0	8.8	7.5	Family Investment Trust	Ordinary 25p	30/4/79	2.375	76.0	76.0	1.3	
40.6	Jardine Japan Investment Trust	Ordinary 25p	30/4/79	1.0	156.6	156.6	26.7	57.8	Jobs Holdings	Ordinary 25p	30/4/79	1	125.1	127.7	4.3	
33.6	London & Holyrood Trust	Ordinary 25p	30/4/79	4.2	176.9	182.6	10.8		London Prudential Invest. Trust	Ordinary 25p	30/4/79	3.0	107.9	111.3	6.7	
28.0	London & Montrose Invest. Trust	Ordinary 25p	30/4/79	1.9	283.0	287.0	18.0	56.2	Merchants Trust	Ordinary 25p	30/4/79	3.0	107.9	111.3	6.7	
53.1	London & Provincial Trust	Ordinary 25p	30/4/79	3.95	165.8	165.1	10.7	43.1	Lazard Bros. & Co. Ltd.	Ordinary 25p	30/4/79	4.05	188.0	194.5	10.8	
124.3	Mercantile Investment Trust	Ordinary 25p	30/4/79	1.7	85.3	86.9	2.3		Raeburn Investment Trust	Ordinary 25p	30/4/79	3.0	137.0	139.6	9.1	
29.3	North Atlantic Securities Corp.	Conv. Debts 1983	30/4/79	£4.50	£96.10	£104.40	£3.50	12.9	Romney Trust	Ordinary 25p	30/4/79	4.05	188.0	194.5	10.8	
53.3	North American Trust	Ordinary 25p	30/4/79	3.07	136.7	139.7	8.2	22.0	Martin Currie & Co. CA	Ordinary 25p	30/4/79	4.2	171.3	175.6	5.5	
113.0	Save & Prosper Linked Invest. Trust	Capital Shares	1/5/79	3.05	148.9	152.1	10.8	107.6	St. Andrew Trust	Ordinary 25p	30/4/79	4.9	177.4	182.0	9.8	
66.3	Scottish Investment Trust	Ordinary 25p	30/4/79	3.0	145.4	149.4	8.1	26.6	Scottish Eastern Investment Trust	Ordinary 25p	30/4/79	4.8	190.4	196.1	14.0	
116.7	Scottish Northern Investment Trust	Ordinary 25p	30/4/79	3.5	160.1	167.7	6.7	62.4	Scottish Ontario Invest. Company	Ordinary 25p	30/4/79	2.4	93.8	96.1	7.1	
62.3	Scottish United Investors	Ordinary 25p	30/4/79	1.5	85.1	87.4	7.4	50.5	Securities Trust of Scotland	Ordinary 25p	30/4/79	7.05	261.1	279.6	17.1	
56.0	Second Alliance Trust	Ordinary 25p	30/4/79	6.3	272.4	280.3	16.6	75.1	Murray Johnstone Ltd.	Ord. & "B" Ord. 25p	30/4/79	*1.85	111.3	114.6	10.3	
4.3	Spirus Investment Co.	Ordinary 50p	30/4/79	9.7336	162.7	169.7	15.4	18.3	Caledonian Trust	Ord. & "B" Ord. 25p	30/4/79	*1.9	105.8	108.6	9.9	
46.5	Sterling Trust	Ordinary 25p	30/4/79	6.3	255.4	271.9	15.4	7.5	Glendon Investment Trust	Ord. & "B" Ord. 25p	30/4/79	*1.85	138.6	140.8	12.6	
31.8	Technology Investment Trust	Ordinary 25p	30/4/79	3.5	155.1	161.7	9.3	84.3	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/4/79	*1.95	112.3	112.3	5.1	
35.2	United British Securities Trust	Ordinary 25p	30/4/79	4.44	199.3	191.7	10.1	28.1	Scottish Western Investment Co.	Ord. & "B" Ord. 25p	30/4/79	*2.55	ac88.8	ac91.2	ac8.1	
24.7	United States & General Trust	Ordinary 25p	30/4/79	6.83	263.9	300.5	15.9		Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	30/4/79	*2.0	121.1	124.6	11.6	
95.8	United States Debenture Corp.	Ordinary 25p	30/4/79	4.05	132.0	136.2	7.7	24.5	Schroder Wagg Group	Ordinary 25p	30/4/79	4.6	211.6	217.6	13.4	
136.1	Do. Do.	Conv. Loan 1983/83	30/4/79	£3.00	£145.20	£149.80	£3.40	7.4	Ashtown Investment Trust	Ordinary 25p	30/4/79	4.75	148.10	152.40	19.0	
18.4	Baillie Gifford & Co.	Ordinary 25p	30/4/79	3.9	161.5	163.9	8.2	33.8	Australian & International Trust	Ordinary 50p	30/4/79	3.0	123.8	123.8	14.3	
25.2	Scottish Mortgage & Trust	Ordinary 25p	30/4/79	5.6	297.4	309.9	15.0	33.9	Broadstone Investment Trust	Ordinary 25p	30/4/79	5.7	225.2	232.3	15.3	
18.7	Monks Investment Trust	Ordinary 25p	30/4/79	5.6	297.4	309.9	15.0	15.3	Continental & Industrial Trust	Ordinary 25p	30/4/79	6.4	320.0	329.5	9.8	
50.9	Winterbottom Trust	Ordinary 25p	30/4/79	5.6	297.4	309.9	15.0	79.1	Trans-Oceanic Trust	Ordinary 25p	30/4/79	5.5	262.5	268.3	17.9	
65.3	Baring Bros. & Co. Ltd.	Ordinary 25p	31/3/79	1.7	95.3	95.4	7.5	78.1	Westpool Investment Trust	Ordinary 25p	30/4/79	3.3	161.0	163.7	11.0	
14.8	Outwich Investment Trust	Ordinary 25p	25/4/79	1.7	95.3	95.4	7.5	14.8	Do. Do.	Conv. Loan 1989/94	30/4/79	£5.00	£144.90	£147.30	£9.90	
132.9	Tribune Investment Trust	Ordinary 25p	30/4/79	3.35	244.3	247.1	12.8	125.2	Stewart Fund Managers Ltd.	Ordinary 50p	30/4/79	2.95	121.9	123.0	5.1	
2.1	City Financial Administration Ltd.	Ordinary 25p	10/4/79	3.35	244.3	247.1	12.8	14.8	Scottish American Investment Co.	Ordinary 25p	30/4/79	1.6	59.3	59.3	3.4	
50.9	Investing Success Equities	Ordinary 25p	30/4/79	3.587												



Companies and Markets

UK COMPANY NEWS

TKM to offset loss of German car concession

The withdrawal of the BMW car import concession in the UK next year will mean a substantial loss of revenue for Tower Kemsley and Millberr...

Matthew Brown progress

WITH BEER sales up overall Matthew Brown and Co. lifted taxable profits from £1.33m to £1.54m in the half-year to March 31, 1979.

Higgs & Hill outlook mixed

ALTHOUGH AN increasing profit contribution is expected from property and housebuilding by Higgs and Hill in 1979 the turnover in UK construction may be lower.

Pye in strong position

DESPITE difficult trading conditions last year, the Pye group, electronics and communications specialist, maintained its financial position and entered 1979 with a strong balance sheet and good liquidity.

Aurora Holdings Limited

Chairman's oral comments at the AGM on Thursday, 17th May 1979 at Sheffield.

We, like many others, suffered in the first two months of 1979 owing to the Road Haulage strike and the extreme weather conditions.

I referred briefly also to the worldwide problems of the Special Steels industry in which some Osborn companies are involved.

In my Chairman's Statement in the Report and Accounts I stated that the Osborn companies were now fully integrated into the Aurora Group.

The Group in its present form is now firmly established and our growing strength points to the exciting prospects that lie before us.

Subject to no unforeseen circumstances and looking at the current financial year overall, we are confident that we shall make further substantial progress in the Group's development.

Robert Atkinson Chairman

17th May 1979

Aurora Holdings Limited, Nether Lane, Ecclesfield, Sheffield S30 3TR

Receiver for Andre Peters

Andre Peters Originals, uniform suppliers to British Airways, which has debts of about £300,000, has been placed in the hands of a Receiver.

comment

The interim figures from Matthew Brown are slightly disrupted by profits on property disposals and a swing round to interest receivable.

Nthn. American Trust ahead

After tax revenue of Northern American Trust Company advanced from £448,321 to £542,588 in the half year to May 1, 1979.

RESULTS AND ACCOUNTS IN BRIEF

S. W. FARMER GROUP (structural steelwork)—Results for 1978, reported March 14 in preliminary statement with prospects. Group fixed assets £22.0m.

Table with columns: Liabilities, Assets, and Issue Department. Rows include Capital, Public Deposits, Government Securities, etc.

(£1.55m) historical. Group fixed assets £10.25m (£3.68m) net current assets £1.19m (£3.48m). Working capital decreased by £38,000 (£1.1m).

United Newspapers Profit up 23 per cent

Current trading satisfactory

The Chairman, Lord Barnetson, reports:

I think you can be reasonably satisfied with our Company's performance in 1978. Although trading conditions were difficult, and the last few weeks of the year adversely affected by bad weather, strike action, and interference with our newspaper deliveries, significantly improved contributions came from each of our principal activities.



moving into what is called the "new technology" in a systematic and gradual kind of way over the past few years. The gradualness, of course, is important, partly for prudent financial phasing, partly for the maintenance of good labour relations, and partly because scientific innovation is becoming more and more sophisticated all the time.

The profit includes investment income of £448,000, slightly down on 1977, partly because of a drop in average interest rates over the period, and partly because of a reduction in the level of invested cash.

After spending some £4,600,000 on plant and new technology, and on the improvement of working conditions throughout the group, the Company's cash resources at the year end amounted to £4,512,000.

As you see your Directors recommend a Final Dividend of 9.23248p net per Share, the maximum permitted uplift. When taken together with the Interim Dividend already paid, this will make a total of 15.60995p for the year, compared with 14.10159p for 1977.

Newspapers

Over 84 per cent of the Company's profit is derived from the newspapers. Here trading turnover rose by £5,212,000 to £43,230,000. The great bulk of this comes from two sources - from advertising revenue and from newspaper sales.

Printing and Periodicals

Magazine publishing and commercial printing contributed £647,000 to group profitability, a considerable improvement over 1977. With a healthy increase both in sales and in advertising, Punch had a record year, and that happy trend continues.

of the market, while profits on their book publishing and mailing services were also ahead of the preceding year.

Although at one time their prime purpose was the recovery of overheads, our services to other publishers now make a positive contribution of their own. A wide range of weekly and monthly periodicals is handled by our sales and distribution network throughout the country; our editorial features, including Punch cartoons, are syndicated all over the world; and we cater for the special requirements of a number of local newspapers in various parts of the United Kingdom.

We continue to be well satisfied with our investment in Trident Television and in Radio Hallam, the latter catering for the Sheffield area.

During the year some £4,600,000 was invested in plant and premises, more than a third of this for the completion of our new production centre at Northampton. The Company's policy in these matters is based on two objectives - to improve working conditions, and to take full advantage of modern technology in order to meet the rising standards required by readers and advertisers alike.

It is an investment in the future, in growth potential, in our capacity to give value for money and to compete effectively with the electronic media. It is also a sign of our confidence in the role of the provincial Press. And so we have been

Directors I must record our warm appreciation of the services rendered to the Company by Mr P. L. Fleming, who retired in January after more than twelve years on the Board. And likewise to Mr E. G. Schofield, who became a director in 1960 and does not propose to seek re-election in June.

Forward Outlook

With the combination of arduous weather and industrial action, the first few weeks of the current year got off to an indifferent start. Since then trading conditions have reached a satisfactory level, and advertising volume for the first quarter as a whole has moved ahead of the corresponding period of 1978.

Summary of Results

Table with columns: Year ended 31st December, 1978, 1977. Rows include Profit before taxation, Profit after taxation, Ordinary dividends, etc.

The Annual General Meeting will be held at 23-27, Tudor St., London, EC4A on Tuesday, 12th June, 1979 at 12 noon.

United Newspapers

Alexander Howden Finance B.V. U.S. \$30,000,000 9 1/2 PER CENT GUARANTEED BONDS 1991 WITH WARRANTS ATTACHED. Alexander Howden Group Limited. J. Henry Schroder Wagg & Co. Limited.



BIDS AND DEALS

KCA will explain its intentions to OFT

BY JOHN MOORE

Mr. Paul Bristol, chairman of KCA International, the oil servicing and contracting group, is to visit the Office of Fair Trading next Tuesday to explain his group's relationship with Euro-canadian Shipholdings and his intentions towards Furness Withy, the shipping group.

The move follows KCA's build up of a 12.13 per cent stake in FW Eurocanadian, a private Canadian-owned shipping group based in Switzerland and Bermuda, has said an 8.4 per cent stake to KCA for conditional settlement.

Eurocanadian is retaining a 10 per cent stake, while KCA holds 12.13 per cent. Both are intending to seek a "close relationship" with FW.

Speaking after yesterday's annual general meeting of KCA, Mr. Bristol said that Manchester Liners, in which Eurocanadian holds a 37 per cent stake with

FW holding an interest of over 61 per cent "should become a part of Furness Withy."

He explained that FW should buy the 37 per cent holding from Eurocanadian and then seek "commercial co-operation" for Manchester Liners with Eurocanadian.

Mr. Bristol explained that he was unhappy with his partnership with FW in Kingsnorth Marine Drilling, in which KCA has a 10.5 per cent stake. FW holds 49.5 per cent.

"I am utterly unhappy with KND. I don't like an investment that shows no return," he said.

At the AGM Mr. Bristol took shareholders that he was seeking board representation on FW, "supported" by other major shareholders. He explained afterwards that it was Euro-canadian's support which would help.

"We intend to take this matter to the ultimate," he told

shareholders, "at Furness Withy's AGM" next month. He explained later that he intended to state his case before FW shareholders if he had not received a positive response from the management.

He reiterated to shareholders that KCA was not "fronting" for Eurocanadian in the latest deal.

Eurocanadian made a full bid for FW during 1974 and 1975 which was vigorously resisted. But he Monopolies Commission ruled in 1976 that any merger between the two groups would be against the public interest and required Eurocanadian to reduce its holding in FW. Euro-canadian agreed to reduce its holding to not more than 10 per cent by 1980.

Earlier this week Mr. Brian Shaw, managing director of FW visited the Office of Fair Trading.

Morris & Blakey suspended

Morris & Blakey Wall Papers asked for its shares to be suspended yesterday, four months after A. G. Stanley, which owns 18.02 per cent of the equity, admitted that the stake could provide a "springboard for a full takeover bid."

Just before the suspension both the ordinary and the "A" shares put on 12p to 164p and 134p respectively.

At this level a bidder would have to offer at least £4.6m for the group which last month produced pre-tax profits of £440,000 (£311,000) for 1978 on a turnover of £10.6m (£8.5m).

A. G. Stanley's shares finished the day 2p up at 235p which gives the group a market capitalisation of £56.8m.

**MERCANTILE INVESTMENT**

An additional DM 7m has been borrowed by Mercantile Investment Trust from the Toronto-Dominion Bank.

The money will be invested in bonds of the EEC institutions.

**SHARE STAKES**

Burton Group: A. J. Burton director, has sold 10,000 'A' non-voting shares at 316p.

London and Provincial Trust: Investment Office acquired on April 2, interest in further 25,000 shares making interest 1,930,000 shares.

Footwear Industry Investments: I. E. Shaw, director, has sold 17,320 shares.

Cardinal Investment Trust: Legal and General Assurance Society has converted £49,854 conversion loan into 51,848 deferred shares (6.08 per cent).

Rush and Tompkins Group: W. Tompkins director, sold 100,000 shares at 138p on May 4.

Marshall Cavendish: E. P. J. Cavendish, director, has sold 50,000 shares reducing his holding to 754,179 shares.

General Accident Fire and Life: Kuwait Investment Office as at April 24 reduced its holding by 75,000 shares to 12,525,000 shares (5.5 per cent).

Blighty Fin: E. S. Nassar disposed of 25,000 shares on May 9 and now holds 360,000 shares (5.5 per cent).

Sheffield Refreshment Houses: Neesden now holds 461,255 shares (25.82 per cent).

Wight Construction Holdings: Thornwood Investments is interested in 87,000 shares (5.98 per cent).

Dorington Investment Company: Waltonite has bought 373,000 shares.

Jardine Japan Investment Trust: Merchant Navy Officers Fund holds 1,245,000 shares following purchases of 80,000 on May 1 and 100,000 on May 3.

Land Securities Investment Trust: Interest of Legal and General Assurance Society is now below 5 per cent.

Bank of Scotland - Kuwait Investment Office has acquired interest in further 25,000 shares making holding 2,101,500 shares (6.516 per cent).

Empire Stores (Bradford) -

Americans hold 25% of S. African golds

BY PAUL CHESEBRIGHT

FOREIGN INVESTMENT in South African gold mining shares increased last year, according to the Chamber of Mines in Johannesburg. The total foreign holding came to about 37 per cent of the total compared with 36 per cent in 1977. The U.S. holding is now more than 25 per cent of the shares in issue.

The stability of this percentage shows that investors have been chary of extensive new commitments in the sector, presumably because of the political situation in South Africa. The strong rise of the gold price over the past year, added to the higher level of dividend payments and the attractive yields offered by the shares, would of themselves have been sufficient to attract additional foreign interest.

But individual and corporate portfolio investment in gold shares has generally tended to escape the political opprobrium often attached to direct industrial investment in South Africa. The foreign ownership figure, published by the Chamber in its latest monthly report, is based on a study undertaken by a firm of Johannesburg stockbrokers.

The study shows that 25.1 per cent of South African gold shares are held by American investors, slightly more than the 23.2 per

cent held in 1977.

These figures re-emphasise the importance of the U.S. in international gold share trading, a tone of which tends to be set by the interplay of U.S. investors with the South African mining finance houses as they manipulate their large gold share holdings.

This has been especially apparent in recent days as the share market has actively responded to the strength of the bullion price. The Gold Mines Index, which has fallen only once in the last 12 trading days, yesterday advanced for the sixth successive day with a rise of 1.8 to 177.2.

According to the Chamber, however, the nature of the U.S. holdings in gold shares has changed to the extent that there has been a movement towards the higher-priced stocks at the expense of the marginal mines. This could reflect the desire to diminish risk.

The fortunes of companies with the lower-priced shares are often sensitive even to marginal movements in the bullion price, while the larger mines frequently provide a subsidiary source of income. At the same time, the existence of the gold futures market in New York acts as a

counter-attraction to the smaller stocks as a speculative medium.

There has also been some selling of lower-priced shares by London holders, contributing to a fall in the London holding of gold shares to 8.4 per cent last year from 7.5 per cent in 1977.

To some extent this must indicate the continuing decline of London as a source of finance for South African mining. But there is a distinction between London as a shareholding centre and as a trading centre.

London's role in gold share trading seems to have strengthened in recent months owing to the keenness of the price margins quoted by the jobbers and the aggressive international search of brokers and jobbers for new business.

London attracts a certain amount of continental business for gold shares and the Chamber noted that there has been an increasing investment trend on the French and Belgian registers, "where capitalisation of South African gold producers now stands at 4.7 per cent compared with 4.4 per cent in 1977."

By contrast there has been a perceptible decline in the foreign holdings of mining finance shares. The percentage holding slipped from 24 in 1977 to 21.8 last year.

H & C expands chrome side

Harrisons and Crossfield, the plantations group which has fought so many take-over battles in the past couple of years, is aiming to make an agreed purchase of an American chrome chemicals business.

H and C has agreed in principle to purchase the net assets and business of PPG Industries Inc. The price has not been disclosed but the business has a turnover running at about \$25m a year. It manufactures and sells basic chromium chemicals to industries including leather, pigments, drilling fluids, wood preservative and wood treatment.

The reason for the purchase given by H and C is that the group has become unbalanced through recent additions in its plantation interests. "Our strategy is to expand in all four of our mainstream activities," said Mr. Tom Prentice, chairman of H and C, yesterday. The four are plantations, timber, chemicals and overseas trading.

But another advantage in expanding outside plantations may be that H and C makes itself less attractive to any possible Far Eastern predator. Earlier this year another major British plantation company, Guthrie Corporation, was bid for by Sincere Darby Holdings, the Far Eastern conglomerate. But Mr. Prentice said yesterday: "I have no reason to believe there is a Far Eastern predator."

On the industrial side, Mr. Prentice said that H and C's existing chrome business was

very advanced technically and would be able to contribute to the PPG chrome side. He was also keen to buy into America as the largest industrial country in the world.

**Dowty paying \$3m for U.S. company**

For a consideration of \$3m, Dowty has agreed to acquire the capital of Decoto Aircraft Inc. of Yalinda, State of Washington, U.S.

Decoto is engaged in the design and manufacture of hydraulic controls for commercial and military aircraft and precision components for generating plants. It will become a member of the Dowty Group aerospace and defence division.

For its year ended September 30, 1978, Decoto made profits before tax of \$815,000, on turnover of \$7.4m.

**HEYWOOD WILLIAMS**

Heywood Williams has paid £130,000 cash for the capital of Cavity Sealed Unit Company of Cumbernauld, Scotland.

Pre-tax profit for its first year of operation as a Heywood Williams subsidiary is expected to be not less than £70,000.

Cavity Seal manufactures double glazed units for the building and home improvement industries and will supply

Heywood Williams' existing interests in those fields. Further development is planned.

**WELCO PURCHASES ROBLEC IRONS**

Welco Holdings has acquired the assets of Roblec Electrical Products (1965) in voluntary liquidation from the liquidator.

The purchase includes the name and goodwill of the business trading under the name of Roblec.

Roblec makes dry irons with an aluminium sole and thermostat and this complements the acquisition of Lincass Electric made six months ago.

The Roblec irons will be made by Lincass and it is hoped that production will recommence within eight weeks.

**COROB HOLDINGS**

Corob Holdings announces that its business will be unaffected by yesterday's offer by Kwik-Fit (Tyres and Exhausts) Holdings for Corob Inter-City Properties (CIC). To avoid confusion Kwik-Fit has agreed to change the name of CIC to a title which does not include Corob.

**LOUIS EDWARDS**

The EGM of Louis Edwards has approved the acquisition of Yorkshire Biscuits.

The acquisition has been completed in respect of over 85 per cent of the shares and it is intended that completion will take place in June.

Empire Stores (Bradford) -

Messina profitable again

THE SOUTH AFRICAN and Rhodesian copper mining and industrial group, Messina (Transvaal), is recovering well from the severe setback in the year to last September when there was a loss of R6.42m (£3.7m).

A net profit of R1.79m, equal to 16.3 cents per share, is announced for the first half of the current year but, as indicated at the annual meeting, the company is not yet returning to the dividend list.

**Walmoughs (Holdings) - F. Vaux, director, sold 2,000 shares beneficial and 8,013 non beneficial, and J. E. Walmough, director, sold 10,107 beneficial and 2,897 non beneficial - all at 155p on May 8.**

**D. H. Hobbs and J. A. V. Wade, as trustees, have disposed of 6,083, making holdings as follows: D. R. Hobbs, as trustee, 885,529 (13.7 per cent) and J. A. V. Wade, as trustee, 620,195 (13.92 per cent).**

**Tozer Kemsley and Millhoun (Holdings) - K. A. C. Thorogood, director, interest increased by 16,500 shares held by his wife and subsisting upon his marriage on March 29.**

**Elbar Industrial - Tanks Consolidated Investments and subsidiaries have increased their financial interests from 2,256,292 to 2,286,292 shares (70.01 per cent).**

**Hunting Associated Industries - C. P. M. Hunting, director, as trustee, has sold 37,500 ordinary shares at 233p and 12,500 deferred ordinary at 192p and beneficial 50,000 ordinary at 233p. R. E. Treacher, director, as trustee, has sold 71,260 ordinary at 233p and 28,574 deferred ordinary at 192p. C. P. M. Hunting now holds 425,000 ordinary beneficial (3.5 per cent), 669,377 ordinary as trustee (5.4 per cent), 175,000 deferred (4.4 per cent) beneficial and 219,792 ordinary (5.4 per cent) as trustee. Hunting Trust on May 11 bought 87,500 deferred ordinary making holding 620,246 deferred ordinary (15.3 per cent).**

**Income from mining...**

Income from mining...	8,211	2,036
Income from industry...	12,964	3,504
Making	6,792	5,577
Prospecting expend...	5,658	11,814
Income (loss) before tax	2,859	1,211
Tax	3,003	12,035
Income (loss) after tax	1,219	434
Dividend shareholders - income (loss) attributable	1,788	12,469

**comment**

The recovery has stemmed from higher copper prices coupled with a reduction in the losses of the industrial subsidiaries. Provided there is no further falling off in the copper price the group's mining earnings should be higher in the current half year and, indeed, the company expects the overall improvement in group earnings to continue. There is thus a good chance that Messina will pay a reasonable final dividend for the year after the absence of any payment for 1977-78. Largely because of improved hopes for a political settlement in Rhodesia the shares have recovered this year from a low of 56p to the current 100p. The company distributed a total of 30 cents for 1976-77.

Test drilling for new nuclear site

February the Government signed an exploration agreement with Cogema of France.

**Test drilling for new nuclear site**

THE CENTRAL Electricity Generating Board, looking for a site for a £500m nuclear power station, is to start test drilling in the summer on 200 acres of land at Druridge Bay, Northumberland.

The tests are vital to establish whether the land is suitable for a power station employing 2,000 people. The CEB will take part in a two-month public consultation exercise on the plan.

Speaking at the annual meeting in Sydney, he added that the company expects a final approval from the Northern Territory Government shortly and this will enable mining to begin.

The company plans first to mine the orebody of 16,500 tons grading 47 lbs of uranium per ton and later to process the ore over a period of eight to 10 years. The processing plant should be ready in the second half of next year. The customers for the uranium oxide are Btikoku Electric Power and Kyushu Electric Power of Japan.

**URANIUM SEARCH IN GUYANA**

Guyana has signed its second uranium exploration agreement in three months reports our Georgetown correspondent.

Grandstottechnik of Essen has one year's non-exclusive permission to search for uranium and will be able to retain 11,450 square miles for mining if the search is successful.

Traces of uranium were found in the country 10 years ago. In

**BEKAERT in 1978**  
Zwevegem, Belgium

—A consolidated turnover of £405.540 million  
—£16.860 million capital expenditure  
—55 factories in 14 countries (inclusive of indirect participations)  
—20 own sales offices all over the world

	1978	1977
Turnover	405.540	358.372
Net profit in favour of the Group	18.588	9.143
Depreciation	18.177	16.632
Own equity of the Group	102.975	84.306
Capital expenditure	16.860	14.183
*Exchange rate on December 31st in BF	58.48	62.89

Steel wire and steel wire products	44%
Steel wire for rubber reinforcements	38%
Furniture sector	10%
Wire and metal assembly	4%
Engineering and services	4%

E.E.C.	61%
Rest of Europe	14%
North America	19%
Rest of the World	6%

**Results of the parent company N.V. Bekaert S.A.**

	1978	1977
Turnover — in million £	264.620	235.173
Net profit — in £	9.439	4.624
Net profit per share	5.75	3.98
Net dividend (proportion of the Board of Directors to the General Assembly of shareholders)	2.22	1.84
* Exchange rate on December 31st in BF	58.48	62.89

General Assembly of shareholders: 22nd May 1979 10.30 a.m. at Zwevegem, Belgium.

The complete annual report is available upon request. Please write to N.V. Bekaert S.A., Secretariat General - Public Relations, B-8550 ZWEEVEGEM (Belgium).

**WANTED**  
No fees required  
**FACTORY/WAREHOUSE**  
25/35,000 sq ft  
**SURREY**  
or site for same Ref: PAG  
Tel: 01-834 8454

**EDWARDS SYMONS & PARTNERS**  
EG: 52 Wilton Road, London SW1V 1DH

**'Record £1M Profit for H&J Quick Group'**

For the first time in its history, and despite the Ford strike, H & J Quick Group Ltd., Ford Main Dealers, recorded over £1M net profit before tax. In his Annual Statement, Mr. Norman Quick, Chairman of the Group, also reported:

- Group turnover for the year to 31st December, 1978, increased by 24% to £55,116,000 from £44,374,000 for 1977.
- Trading profit (before interest charges) was £1,417,000 compared with £1,410,000 for the previous year.
- Profit before tax rose to £1,028,000 from £958,000.
- Earnings per 10p Ordinary Share increased to 8.25p from 8.04p.
- The Final Dividend is 0.948p per 10p Ordinary Share making a total of 1.828p for the year against 1.65p for 1977.
- These record results were achieved despite the Ford strike which totally interrupted our supplies over a prolonged period. Our success was due entirely to the ingenuity and hard work of all our staff and we are indebted to them for their superb support.

**Quicks for Ford**

Company of the Annual Report and Accounts are obtainable from the Secretary, H & J Quick Group Ltd., Jubilee House, Chester Road, Old Trafford, Manchester M16 6GU.

**Higgs and Hill Limited**

	1976	1977	1978
Turnover	102,000	106,000	96,000
Profit before tax	2,275	3,130	2,094
Profit after tax	1,717	1,555	1,905

Main points from the 1978 Statement by the Chairman, Mr. E. W. Phillips, M.B.E.

Reduced profit before tax was due to provision for losses on civil engineering work in the United Kingdom and in Trinidad.

Very low tax charge results from the benefit of stock relief on increased developments and work-in-progress, particularly in housebuilding and property.

Recommended final Ordinary dividend is 1.6375p per share, making a total of 3.855p per share for the year 1977: 3.45:35p.

Triennial revaluation of investment properties revealed a surplus of £1,679,000.

Construction profits were higher, although on a reduced turnover. Several major projects successfully completed. Refurbishment and management contracts are of increasing importance.

Civil and structural engineering activities reorganised and new work opportunities identified.

Overseas construction work continuing satisfactorily in Trinidad, Egypt and the Gulf.

Property Division enjoyed a successful year. Developments completed at Staines and Falkirk and new schemes commenced. In France new commercial and industrial schemes in progress near Paris, with considerable interest from tenants and investors.

Housebuilding again made satisfactory profits, offering homes designed to a high quality on attractive sites.

Copies of the Annual Report now available from the Secretary.

**HIGGS AND HILL**

Building, Civil Engineering and Property Group.  
Crown House, Kingston Road, New Malden, Surrey.







FOOD PRICE MOVEMENTS

Table with columns: Commodity, May 17, Week ago, Month ago. Rows include BACON, BUTTER, CHEESE, EGGS, BEEF, LAMB, PORK, POULTRY.

ENERGY REVIEW: THE TORIES AND THE UK OIL SHORTAGE

Mr. Howell follows in Labour's footsteps

THE LAST time that Mr. David Howell was a Minister at the Department of Energy...



Mr. Howell, Secretary of State for Energy (second from the left) and his team: Mr. Hamish Gray, Minister of State, and Mr. John Moore and Mr. Norman Lamont, Parliamentary Under-Secretaries.

lacks any personal imprint. It has offered few clues to the process of energy industry executives...

Most discreet industry lobbying before the election was clearly directed towards Mr. Tom King...

Mr. Howell has been closely identified with Mrs. Thatcher and during the Election campaign assisted in writing many of her speeches...

The only member of the Tories' shadow energy team to take a similar role in Government is Hamish Gray...

To look after the coal industry in succession to ex-miner Mr. Alex Eadie, Mrs. Thatcher has chosen Mr. John Moore...

For Mr. Norman Lamont, his post looking after onshore gas, electricity and nuclear power is something of a come-down...

The Directors of Tongaat have approved the publication of the following:

TONGAAT COROGRUP LIMITED

(Formerly Primrose Industrial Holdings Limited) (Incorporated in the Republic of South Africa)

Directors: J. B. Robertson (Chairman), A. R. Kemp (Deputy Chairman and Managing Director)...

Registered Office: 397, North Coast Road, Briardene, Durban North 4051

PROFIT AND DIVIDEND ANNOUNCEMENT

The audited profit for the period ended 31st March 1979 amounted to R3,016,000. Trading results for the period include 9 months of the original Primrose Group...

Table with columns: Period Ended, Year Ended, Group Turnover, Profit before taxation, Taxation, Profit after taxation, etc.

The Directors will recommend to Shareholders at the Annual General Meeting to be held on 10th July 1979 that a dividend of 5 cents per share be paid...

Next week Mr. Howell will be in Paris for the ministerial meeting of the International Energy Agency...

Oil embargo

Faced by the Arab oil embargo, however, crude oil and product supplies were also short. The Government itself was already involved in the process of allocating supplies...

So what has changed? In February some of the smaller UK oil suppliers, faced by the loss of crude oil supplies from Iraq, started making their own cut-backs in deliveries...

petrol and middle distillates. products such as jet fuel, heating oil and diesel by 15 per cent. Texaco, one of the top five UK oil suppliers has cut petrol supplies to 92 per cent of last year's levels...

For the moment, however, Mr. Howell appears to have become publicly involved in the issue of oil supplies as his predecessor, Mr. Anthony Wedgwood Benn, Mr. Benn limited himself to a muted appeal to consumers...

one apparently obvious solution to cutting UK oil demand, the burning of more coal in the power stations. And the UK's conservation efforts were virtually left at that.

It's a solution that is already appearing equally attractive to the new Tory Energy Secretary, though perhaps for different reasons. Mr. Howell has arrived at the Department of Energy at Millbank as part of a Government pledge to non-intervention.

for fuel oil could actually be to reduce refinery runs of crude oil to make the lighter products. However, Mr. Howell does not wish the Government to be seen as a "busy-body" which will be interfering further in people's lives...

Take his time

On other issues of energy policy he is also determined to take his time before launching any new initiatives. Officials at the Department of Energy are still in the dark about the direction in which their new Secretary of State might try to lead them.

ever, that the review should be completed quickly. He believes that delay and uncertainty could be damaging and is hoping to be able to decide well before the summer recess in August the exact role a State oil company has to play under a Conservative Government.

The Government must also decide soon on whether it wishes to follow the path proposed by the Labour Government of raising the rate of Petroleum Revenue Tax and reducing the various allowances given by the present oil taxation regime.

Finance for Governments and Industry throughout the world.

Our services include - Capital Market Issues, Project Finance, Eurocurrency Deposits and Loans, Financial Advice, Foreign Exchange, Investment Services and Secondary Markets in International Bonds and Notes.

And our shareholders are the seven independent Banks of EBIC (European Banks International).

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- Shareholder banks: Amsterdam-Rotterdam Bank, Banca Commerciale Italiana, Creditanstalt-Bankverein, Deutsche Bank, Midland Bank, Société Générale de Banque, Société Générale



European Banks International



CURRENCIES, MONEY and GOLD

Dollar firm

The dollar was very firm in the foreign exchange market yesterday, reflecting improved sentiment as U.S. economic growth shows signs of slowing.

against the dollar and sterling, but was firmer against most members of the European Monetary System.

The U.S. currency rose to DM1.9125 from DM1.9020 against the D-mark, to SwFr 1.7375 from SwFr 1.7270 against the Swiss franc.

STERLING showed little movement most of the day, trading within a general range of \$2.0535 against the dollar.

It touched a best level of \$2.0620-2.0630, but fell to \$2.0550-2.0560 in late trading.

The pound's index, as calculated by the Bank of England, was unchanged throughout at 86.8.

The Irish punt lost ground against the dollar and sterling.

It touched a best level of \$2.0620-2.0630, but fell to \$2.0550-2.0560 in late trading.

The pound's index, as calculated by the Bank of England, was unchanged throughout at 86.8.

THE POUND SPOT AND FORWARD

Table with columns: May 17, Day's spread, Close, One month, % Three months, % Six months. Lists rates for U.S., Canada, Belgium, Denmark, Ireland, W. Germany, Portugal, Spain, Italy, Norway, Sweden, France, Japan, Austria, Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: May 17, Day's spread, Close, One month, % Three months, % Six months. Lists rates for U.S., Canada, Belgium, Denmark, Ireland, W. Germany, Portugal, Spain, Italy, Norway, Sweden, France, Japan, Austria, Switzerland.

CURRENCY RATES

Table with columns: May 18, Rank, Special Drawing Rights, European Currency Unit, May 17, Bank of England, Morgan Guaranty. Lists rates for Sterling, Canadian dollar, Australian dollar, etc.

CURRENCY MOVEMENTS

Table with columns: May 17, May 18, % change, % change adjusted for divergence, Divergence limit. Lists movements for various currencies.

OTHER MARKETS

Table with columns: May 17, % change, % change adjusted for divergence, Divergence limit. Lists movements for various currencies.

EMS EUROPEAN CURRENCY UNIT RATES.

Table with columns: Currency, % change, % change adjusted for divergence, Divergence limit. Lists rates for Belgium, Denmark, German D-Mark, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: May 17, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Japan Yen, Japanese Yen. Lists interest rates for various currencies.

EXCHANGE CROSS RATES

Table with columns: May 17, Pound Sterling, U.S. Dollar, Deutschemark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc. Lists exchange rates between major currencies.

INTERNATIONAL MONEY MARKET

Dutch rates ease

AMSTERDAM—Interest rates showed an easier tendency yesterday following the introduction of a special loan facility by the authorities.

UK MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979). Conditions were more relaxed in the London money market yesterday.

LONDON MONEY RATES

Table with columns: May 17 1979, Sterling, Interbank, Local Authority, Local Authority, Finance House, Company, Discount market, Treasury, Eligible Bank, Fine Trade. Lists London money market rates.

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgages three years 11-12% per cent.

REIFE Red Nacional de los Ferrocarriles Espanoles DM 100,000,000 7% Bonds due 1987. STATE OF SPAIN. WESTDEUTSCHE LANDESBANK GROSZENTRALE. DRESNER BANK. BANCO DE VIZCAYA. CREDIT COMMERCIAL DE FRANCE. ARBEIDSBANK INTERNASIONAL GROUP. OYSON BANK LIMITED. SMITH BARNEY, HARRIS OPHAM & CO. SWISS BANK CORPORATION (OVERSEAS) Limited. Lists various banks and financial institutions.

Régie Nationale des Usines Renault has acquired for \$115,000,000 a minority interest in Mack Trucks, Inc. The Signal Companies, Inc. The undersigned initiated this transaction and acted as financial advisor to Régie Nationale des Usines Renault. LAZARD FRÈRES & Co. 31st May 1979.



NORTH AMERICAN NEWS

Ford Motor signs diesel pact with Cummins

By John Wyles in New York

FORD MOTOR and Cummins Engine have signed an interim agreement which could provide Ford with a range of diesel engines for its cars and light trucks...

Gulf Oil seeks offers for operations in California

By THE NEW YORK STAFF

GULF OIL Corporation, whose U.S. production of crude oil and gas has been falling in the last 18 months, is inviting offers of not less than \$275m for its California refining and marketing operations...

Gulf says that its position in the Californian market, currently a hotbed of discontent because of inadequate gasoline supplies, is so small as to make its operations there marginally profitable...

EUROBONDS DM100m issue postponed

By Francis Ghies

THE MONTHLY meeting of the German capital markets Sub-Committee, scheduled for today, has been postponed, amounting to an effective pause in the flow of new Deutsche-Mark foreign issues...

BASF confirms recovery

BY GUY HAWTIN IN FRANKFURT

FIGURES from BASF—the last of the West German chemicals "big three"—to report on 1979's progress—confirm that the industry is recovering increasingly strongly from last year's recession...

Group sales in the first quarter of the year were 15.4 per cent up on the comparable performance in 1978. At the same time pre-tax group profits rose by 49.9 per cent. Even more encouraging for the group are the first four months sales returns of BASF AG, the parent. These showed turnover up 19 per cent on the 1978 performance—a major advance on the 16 per cent sales growth reported for the first quarter of this year...

Imperial Oil to sustain growth

Mr. J. A. Armstrong, chairman and chief executive of Imperial Oil, which is majority owned by Exxon Corporation, said that although performance for the year should not be judged on the basis of first-quarter results, they are indicative that 1979 will be another good year for Imperial.

crude oil supply situation continues to have on the requirements for Canadian oil, he added. Gains from increased oil and gas production have been partially offset by the \$2.2bn Syncrude Project startup costs. As the year progresses, Syncrude should begin to make a positive contribution.

correct in accusing the company of violating Federal Pricing Regulations in connection with determination of pollution control related costs. He said: "Exxon included only the appropriate costs and the company's calculations were made in strict accordance with Energy Department rules."

Ennia plans further expansion

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH insurance group, Ennia, plans the acquisition of another company in the U.S. or the UK in the near future as part of its international expansion. It also intends to set up a joint venture with another insurer in another foreign country, the Board announced.

Ennia proposes raising its dividend to F1 8 per share from the F1 7.50 of 1977. Shareholders may opt to take the F1 8 final payment fully in cash or as F1 3.30 in cash and F1 0.68 in shares. The 1978 results continued the improvement of recent years with a significant contribution coming from the sharp recovery of the non-life sector. This showed a profit in Holland after several years of large losses though the return is still unsatisfactory. Non-life pre-tax profit was F1 1.1m compared with a loss of F1 14.4m. Life business developed satisfactorily and continued to contribute most of the profit. The pre-tax results were 6 per cent higher at F1 58.5m. Non-insurance profits were 2 per cent up at F1 8.5m. Ennia will have to borrow funds to finance the expansion of its non-insurance activities but no call will be made on the capital market to finance assets generally. Insurance business carried out in Holland accounted for 68 per cent of group turnover last year but this share will fall as markets are developed abroad and as non-insurance activities increase.

National opts for Pan Am

By Our New York Correspondent

NATIONAL AIRLINES' shareholders yesterday voted to accept a \$50 a share offer by Pan American World Airways if the proposed merger receives government approval. But because Eastern Airlines has also tabled a \$50 a share bid, National's annual meeting also supported proposals for a bidding auction starting at \$50. If both Eastern and Pan Am won government approval, the Civil Aeronautics Board is expected to consider Pan Am's application within the next few weeks following a recommendation by one of the Board's administrative law judges that it be turned down because it would be anti-competitive. Eastern's case is currently being considered by a CAB judge and a decision is expected later in the summer.

Bank shifts London ownership

BY WILLIAM HALL

FIRST International Bancshares Ltd., one of the more successful of the U.S. merchant banking subsidiaries based in London, is to lose some of its independence. Subject to regulatory approvals, the ownership of the bank is being transferred from First International Bancshares Inc to its main operating subsidiary, First National Bank in Dallas. In addition, the London branch of First National Bank in Dallas will move into the same premises as the merchant bank later this year.

Although the merchant bank will share the same premises as the London branch it will retain its authorised status, occupy separate floors and maintain a separate dealing room. Commenting on the move, Mr. Steve Davis, chief executive of First International Bancshares Ltd., said he was not wanting to be part of an organisation that is just a "poodle." If the merchant bank was to lose its independent shipping function and its lending capability at some future date, "it is not for me," said Mr. Davis yesterday.

City. Over the past few years, banks such as Bankers Trust International, Marine Midland Ltd. and Bank of America International Ltd. have been drawn much closer into contact with their parents. Associated Japanese Bank (International), the London-based consortium bank, reports a pre-tax profit of \$3.6m (\$7.4m) for the year to February, 1979, compared with the previous year's \$3.1m. Total assets increased to \$458.6m. The continuing downward pressure on loan interest margins has had a considerable effect on profitability in general, although pre-tax profits had increased. Mr. Genzo Suzuki, the chairman, said in his report.

Meanwhile Westdeutsche Landesbank has postponed the DM 100m issue which it was to have announced for a Latin American borrower later today. Earlier in the week an expected DM 100m issue for Imperial Chemical Industries was postponed and those issues which have been brought to the market in recent weeks have all started trading at quite heavy discounts.

Ennia proposes raising its dividend to F1 8 per share from the F1 7.50 of 1977. Shareholders may opt to take the F1 8 final payment fully in cash or as F1 3.30 in cash and F1 0.68 in shares.

Electrolux steps up earnings forecast

BY VICTOR KAYFETZ IN STOCKHOLM

ELECTROLUX, THE Swedish home appliance, office equipment and machinery manufacturer, stands "some chance" of exceeding the pre-tax profit of about SKr 745m (\$169m) for 1979 forecast two months ago. Mr. Goesta Bystedt, managing director, predicts sales this year of nearly SKr 14bn (\$3.18bn) or somewhat higher than the figure of just over SKr 13bn forecast in March. In 1978, Electrolux produced a pre-tax profit of SKr 677m on turnover of SKr 12bn.

Canada, too, the general economic trend has been favourable, which has stimulated demand for the group's products except for house trailer refrigerators, which have been affected by uncertainty concerning U.S. energy supply. Mr. Bystedt sounded one note of pessimism when he described trade union demands for jobs to replace all of those lost due to efficiency measures in Sweden, including coordination of older units with newly-acquired companies such as Husvarva. This attitude constitutes a serious obstacle to implementation of the restructuring which is absolutely necessary to bring the Husvarva group on a sound economic footing. Due to the SKr 270m convertible debenture loans floated during 1978 and the debts of companies acquired during the year, Electrolux experienced a drop in its equity to debt ratio from 33 to 29 per cent. But good earnings and conversion of the debentures over the next few years should restore solvency to the 1977 level.

Fibre plant to receive rescue aid

By Paul Betts in Rome

THE ITALIAN caretaker government has agreed to extend immediately some L50bn (\$38.80m) to guarantee the continuity of productive activities at the Fibre Del Tirso synthetic fibres plants at Ottana in central Sardinia.

A banking consortium of leading special credit institutes and commercial banks is also to be set up to help the financial recovery of the plants jointly controlled by ANIC, the state chemical group, and Montedison, the fibres subsidiary of the Montedison group. The basic capital of the banking consortium is expected to total L60bn. The banks are to provide about L40bn while the two chemical companies are to contribute L10bn each. The threatened closure of the Sardinian plants has provoked widespread concern and sparked trade union protest at a time when all the political parties are campaigning for the June General Elections. The plants employ over 2,500 people in an area of heavy unemployment.

Dutch commodity group in red

By Our Financial Staff

THE DUTCH agricultural and commodities group, FVA, has emerged from 1978 heavily in the red with group losses of F1 10.9m (\$5.2m) compared to a half-time deficit of F1 4m. The company will not pay a dividend for the year. FVA's losses stemmed largely from a worsening trading picture in commodities. For 1977 as a whole the company returned a net profit of F1 0.5m. However, the outlook for 1979 is improving with the company looking forward to a recovery at its sugar project in Africa. This factory is expected to reopen in December.

Kleber cuts workforce

BY TERRY DODSWORTH IN PARIS

KLEBER - COLOMBES, the French tyre company which has recently severed its alliance with Semperit of Austria, is cutting its workforce by 500 as part of a reorganisation plan aimed at eliminating the heavy losses of recent years.

services will be regrouped at Colombes along with aircraft tyre production. The agreement made redundant at Colombes will be transferred to other factories in the group. Kleber-Colombes lost FF445.7m (\$10.9m) in 1977, and FFR 49.6m in the first half of 1978.

GM-Chrysler link

The Justice Department has no present intention of challenging Chrysler Corporation's entry into a proposed technical assistance agreement with General Motors, AP-DJ reports from Washington. The agreement would require GM to furnish Chrysler with two prototype emission control systems, two prototype passive belt systems and occasional engineering consultations.

More exotic borrowers, particularly from the Third World can expect to pay more than 8 per cent for ten year bonds when the new issue market reopens according to German bankers while prime quality names would have to pay as much as 7 1/2 per cent.

The only foreign DM issue currently on offer is the DM 100m seven year issue offering a coupon of 7 1/2 per cent for the African Development Bank which is understood to be going slow.

The only borrower in the past six months to have paid a coupon as high as 8 per cent, and on a short maturity private placement (four years) is the South African Oil Fund.

Prices of seasoned issues moved up slightly yesterday in sympathy with the better tone in the New York bond market on Wednesday.

In the FRN sector the \$40m FRN for Creditanstalt Bankverein due in 1981 is to be redeemed at par on June 18. The lead manager of that issue is European Banking Company.

In the Swiss franc sector, the new issue for the World Bank got off to a very good start. The SwFr 100m ten-year issue which carries a coupon of 4 1/2 per cent and was priced at par opened yesterday morning at 100 1/2 and closed at 101.

The amount of outstanding Eurodollar CDs issued by London banks rose to \$23.1bn in April from \$27.3bn a month earlier. Secondary market turnover totalled \$4.6bn against \$4bn, according to Bank of England figures.

The chief contributor to increased industrial profits was the manufacturing sector. That sector as a whole reported a 68 per cent increase in the first quarter. Total after-tax profit for the first three months of the year in manufacturing was C\$1.9bn compared to C\$1.1bn last year.

Several industries were noticeably above the rest of the manufacturing sector. Decentral crude oil prices in the U.S. means that the domestic petroleum industry will have 15 to 20 per cent more capital available for investment by the end of 1981.

Decentral could be the most significant decision in U.S. energy history said Mr. Bradshaw. He expected that Congress will also pass a windfall profits tax, but he said that is acceptable as a political quid pro quo for decentral. Reuters

Sharp rise in Canadian earnings in first quarter

BY VICTOR MACKIE IN OTTAWA

AFTER-TAX profits of Canadian industry increased during the first quarter of the year by a staggering 68.3 per cent compared with the same period last year. Statistics Canada reported that industrial companies located in Canada had after-tax profits of C\$ 4.1bn in the first quarter of 1979.

a "breakthrough," an increase which occurs once every few years. "It's like industry has finished climbing one set of stairs and transferred to a second staircase," he said. The last breakthrough was in the late 1973 and early 1974 period.

The year-to-year gain in the latest quarter was far ahead of the 38.9 per cent increase shown for the first quarter of 1978 and the 28.8 per cent gain recorded for 1978 as a whole. In releasing the statistics, a spokesman for Statistics Canada said this is the largest quarterly increase in profit levels in five years.

He said an extraordinarily large jump in profits such as this is known by economists as

Arco sees \$1bn profit

ZURICH — Earnings of Atlantic Richfield Company of Los Angeles will exceed \$1bn but not necessarily this year, Mr. Thornton Bradshaw, the chairman, disclosed.

decentral crude oil prices in the U.S. means that the domestic petroleum industry will have 15 to 20 per cent more capital available for investment by the end of 1981.

If we can ride with world prices, our shareholders will do very well indeed," he told bankers at a presentation to mark the listing of Atlantic Richfield stock on Swiss stock exchanges. President Carter's decision to

decentral crude oil prices in the U.S. means that the domestic petroleum industry will have 15 to 20 per cent more capital available for investment by the end of 1981.

Damage claims hamper underwriting at Swiss General

BY JOHN WICKS IN ZURICH

NET PROFITS of Switzerland General Insurance Company fell by 7.5 per cent last year to SwFr 3.7m (\$2.15m) after a rise in gross premium income of 0.9 per cent to SwFr 316m and in net premiums by 1.4 per cent to SwFr 237.5m.

Gardisett was affected both by the foreign-exchange situation and continuing sluggish market conditions. Profits were also affected by a 40 per cent rise in capital expenditure and increased depreciations.

Underwriting results were less satisfactory than in the previous year in direct business, due partially to large claims for elementary damage, but capital earnings went up 13.1 per cent to SwFr 20.7m.

Last year, due mainly to the unfavourable translation of local sales into Swiss francs for consolidation purposes, group turnover fell by some 22 per cent from SwFr 142m to SwFr 111m. Operations were expanded towards the end of calendar 1978 by the opening of new production capacity at South Carolina in the U.S.

NO DIVIDEND is to be distributed for 1978 by Gardisett Holding, the Lucerne-based parent company of the Gardisett soft furnishings group, following a drop in net profits from SwFr 4.1m to SwFr 0.34m during the year ended on March 31 this year.

The first agreement lays down conditions for the bonds offered by the Argentine government to CIAE shareholders as partial compensation for the takeover of the company by the authorities. These bonds, which total SwFr 185m, will be offered at the end of next month and subsequently listed on Swiss Stock Exchanges. They are equipped with a variable coupon 1 per cent above the January yield of Federal bonds. Amortisation will take place in four, six, eight and ten years.

MEDIUM-TERM FINANCING

ASEA sets up Brazil contract

A LARGE financing package, composed of Eurocurrency loans and export credit facilities, is expected to be assembled to support the \$1bn contract just won in Brazil by the Swedish electrical concern, ASEA.

alpins show it as having a capital of SwFr 14m and a 1976 balance sheet total of SwFr 124m. The Lugano bank has a branch in Agno.

A MAJORITY shareholding in Banca Prealpina has been acquired by Swiss Bank Corporation from the Luxembourg company, Societe Holding de Groupement Bancaire in exchange for participation certificates (non-voting shares) of SBC. The transaction is seen as providing accommodation for the Basle bank in the recently completed new building of Banca Prealpina, while the Luxembourg undertaking would be able to maintain its participation in the Swiss banking sector with an investment in a leading bank. Latest details on Banca Pre-

NEW Reinsurance Company records net profits for 1978 of SwFr 2.5m, following a rise in gross turnover by 4.2 per cent to SwFr 170m. Some 55 per cent of all business was passed on to other re-insurers. Although costs rose rather faster than premium income, the underwriting results were generally better than for the previous year, particularly in non-European business, while capital earnings rose slightly to some SwFr 10m.

The German company is to acquire a 50 per cent stake in holding SA, Thermo - Technic Cuenod SA, a recently-formed firm, while a number of smaller participations will also be exchanged between the two parent undertakings.

THE NORTHERN AMERICAN TRUST COMPANY LIMITED Interim Statement (Unaudited) For the six months ended May 1 1979 and May 1 1978. Gross Revenue 1,318,197 and 1,140,943. Expenses 420,153 and 365,816. Taxation 300,053 and 278,029. Net Asset Value including dollar premium per Ordinary 25p Share (Fully Diluted) 152.0p (148.2p) and 134.6p (132.8p).

The International Commercial Bank of China U.S. \$20,000,000 Floating Rate Notes Due 1983 Pursuant to clause 6(b) of the Listing Agreement, the Annual Report and Accounts for the year ended December 31st 1978 of the International Commercial Bank of China are available at the office of Cazenove and Co., 12 Tokenhouse Yard, London EC2R 7AN.

THE LONG-TERM CREDIT BANK OF JAPAN, LTD. Negotiable Floating Rate U.S. Dollar Certificates of Deposit Maturity Date 18th November 1980 In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six month interest period from 21st May 1979 to 31st November 1979 the Certificates will carry an Interest Rate of 11 1/2 per annum.



Handwritten signature and date: 18/5/79

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

French cement group sees continued improvement

BY DAVID WHITE IN PARIS

LAFARE, BASED in Laforet cement group, is counting on overseas markets to see it through a market increase in earnings this year after recovery in 1978 which left consolidated net profit 38 per cent up at FF 220m (\$50m).

M. Lecret said the improvement was aided by the French Government's decision last summer to start scrapping price controls and by stock market increases which contributed to a successful 20 per cent capital increase in October.

The parent company's two principal subsidiaries—Ciments Lafarge France and the 50 per cent-controlled Cimont Canada Lafarge—both had record results. The French offshoot increased its net profit by 74 per cent to FF 76m, thanks partly to lower depreciation.

TOKYO CDs Foreign banks cautious as Japanese go ahead

By Richard C. Hanson in Tokyo HIGH ACTIVITY on the part of the Japanese commercial and trust banks in the issuing of yen Certificates of Deposit, which opened this week, contrasts sharply with the cautious approach adopted by foreign banks in Tokyo.

Bond makes plea to Santos holders

BY JAMES FORTH IN SYDNEY

MR. ALAN BOND, a Western Australian businessman, is attempting to put public pressure upon the South Australian State Government to persuade it to drop a proposal to limit individual shareholdings in Santos, the oil exploration company, to a maximum of 15 per cent of the capital.

Since the Bond Group obtained a Santos stake, Mr. Bond is known to have made overtures in lift the stake in at least 51 per cent of Santos and to merge Basin Oil and Reef Oil into Santos.

that it would consider alternative proposals from the Bond Group, but talks have broken down and the South Australian Government has now recalled Parliament to sit on May 24 to consider legislation on Santos.

time legislation may have been enacted. Mr. Bond yesterday criticised other Santos directors for what he claimed was a "deliberate delay" in calling the meeting.

Lufthansa hopeful on growth

BY ROGER BOYES IN BONN

LUFTHANSA, the West German airline, is confident that it can repeat the high profit growth of 1978 but gives a warning that relatively low passenger fares and escalating energy costs could severely hit the company's margins.

DM 408m rises issue which will help to finance the planned investment. As reported yesterday, shareholders will be offered new shares in a ratio of 2:1 from June 8.

There has been some disquiet among private shareholders—some complain 17 per cent of the airline's total earnings is being ploughed too much money back into the company and restricting dividend increases.

Dorbyl shows slight half year advance

BY JIM JONES IN JOHANNESBURG

DORBYL, THE South African heavy engineering group, has reported a rise in pre-tax profit of 6.8 per cent in R7.98m (\$9.4m) for the first half of the financial year, from R7.49m in the six months to March, 1978.

has improved, though short-term orders are still required to fill surplus capacity. In the structural steel sector particularly, the market remains highly competitive, meaning that low-profit pricing needs to be adopted in tendering.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of FT bond prices published on the second Monday of each month.

Table with columns: Issued, Bid, Offer, day, week, Yield. Lists various international bonds like Arab Int. Bank, BFG Fin. Co., Banco di Roma, etc.

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Foreign banks cautious as Japanese go ahead

The rates on the CDs so far have ranged from 5.1 per cent to 5.4 per cent for three months and from 5.5 per cent on six months, with some negotiations going on for CDs up to 5.75 per cent.

Some of the Japanese banks have restricted themselves in issuing CDs because of more favourable rates for taking in funds in the Gensaki (or bond repurchase agreement) market. The CD market, if a sufficiently flexible secondary market can be developed, will cut into the importance of the Gensaki market which currently involves more than Y4,000bn in funds.

The Japanese banks are thought in some cases to be requiring balances of current deposits linked to issues of certificates to customers, although this would be officially frowned upon.

At present, the foreign banks are not allowed to issue CDs to their home offices or branches overseas. This would moderate the impact of their officially set limits on swapping in funds to create operating balances, and could be a way of avoiding the withholding tax which is applicable on the CDs.

Kaiser Aluminum allowed to sell Hindalco stake

BY K. K. SHARMA IN NEW DELHI

THE INDIAN CABINET has this week made its decision to allow Kaiser Aluminum of the U.S. to sell its entire shareholding of 27 per cent in Hindustan Aluminum Company (Hindalco).

not being allowed to buy any of the shares and this is thought to be due to pressure by Mr. George Fernandes, of the Ministry of Industry, who is seeking nationalisation of the company.

Gain seen at Nippon Shinpan

By Our Financial Staff

NIPPON SHINPAN, the major Japanese consumer credit concern, expects net income for the current year to rise by 30 per cent to Y3.9bn (\$18m) from Y3.0bn in the 12 months to March, 1978.

Shell to build second platformer

BY WONG SULONG IN KUALA LUMPUR

SHELL REFINING BERHAD, which recorded a sharp rise in after-tax profits of 15.2m ringgit last year, is planning to build a second platformer costing 75m ringgit (U.S.\$33.5m).

Roplas India public issue

BY OUR NEW DELHI CORRESPONDENT

ROPLAS INDIA is to enter the capital market on May 31 with a public issue of 56,764 equity shares of Rs 10 each at a premium of Rs 2.50 per share.

forced plastic products. Roplas India's turnover has increased from Rs 3.73m in 1977 to Rs 14.5m (\$1.79m) in 1978, with the gross profit going up from Rs 487,000 to Rs 2.2m.

General Mortgage growth

BY L. DANIEL IN TEL AVIV

THE GENERAL Mortgage Bank, Israel's veteran mortgage institution owned by Bank Leumi, has achieved a 64.1 per cent increase in net profit for 1978 to L111.8m (\$4.85m) from 1977—about 15 per cent more than the rate of increase in the cost-of-living index.

The number of actual loans granted by the bank rose by 1.9 per cent to 52,667, but the sums lent increased by 29.7 per cent to L43.32m. The bank's balance sheet total increased by 29.3 per cent to LER.136m.

Malaysian News

BY WONG SULONG IN KUALA LUMPUR

SHELL REFINING BERHAD, which recorded a sharp rise in after-tax profits of 15.2m ringgit last year, is planning to build a second platformer costing 75m ringgit (U.S.\$33.5m).

Shell to build second platformer

BY WONG SULONG IN KUALA LUMPUR

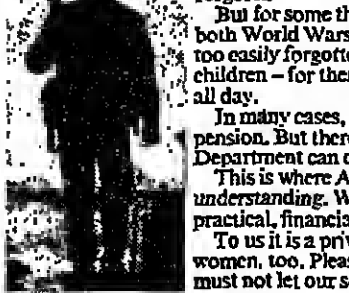
SHELL REFINING BERHAD, which recorded a sharp rise in after-tax profits of 15.2m ringgit last year, is planning to build a second platformer costing 75m ringgit (U.S.\$33.5m).

Aid for Japanese savings bank

TOKYO—An emergency loan of Y30bn (\$140m) is to be extended to the Taiko Sogo Bank by the Association of Mutual Financing Banks, the association announced. The advance will be made by invoking a mutual guarantee agreement of 71 mutual financing banks.

Last week, the Bank of Japan said that the Taiko Sogo Bank would also be given support under Government direction in the form of emergency loans from five major city and long-term credit banks.

The war that never ends



We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it.

The Army Benevolent Fund

for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP

Tokyo Pacific Holdings N.V.

The Quarterly Report as of 31st March 1979 has been published and may be obtained from: Pierson, Holding & Pierson N.V. Sal. Oostenhagen 1 & c/o. Unter Sachsenhausen 4, 5 Köln

Notice of Prepayment

CREDITANSTALT-BANKVEREIN U.S. \$40,000,000 Floating Rate Notes 1981 Notice is hereby given pursuant to Condition 4(b) of the terms and conditions of the above-mentioned Notes that the Bank will redeem all of the Notes at their principal amount on the interest payment date falling in June 1979 (which is expected to be 18th June, 1979).

CREDITANSTALT-BANKVEREIN

U.S. \$40,000,000 Floating Rate Notes 1984 Notice is given pursuant to conditions 3 (d) of the terms and conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 21st May, 1979, to 21st November, 1979, is at the annual rate of 11 1/2 per cent. The U.S. Dollar amount to which the holders of Coupon No. 5 will be entitled on, duly presenting the same for payment on 21st November, 1979, will be U.S. Dollars 57.50, subject to such amendments thereto made by European-American Bank & Trust Company as Principal Paying Agent (or appropriate alternative arrangements by way of adjustment made by the Principal Paying Agent with the consent of Lloyds Bank Limited as Trustee) without further notice, in the event of an extension or shortening of the above-mentioned Interest Period.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Corohill, London, EC3V 3PB. Tel.: 01-423 6314. Index Guide as at May 17, 1979. Capital Fixed Interest Portfolio 114.70. Income Fixed Interest Portfolio 104.45.



WORLD STOCK MARKETS

Indices

Dow picks up 5.5 in fairly active early trade

INVESTMENT DOLLAR PREMIUM Effective \$2.50 23% (221%) HELPED IN part by some signs of economic slowing...

The Dow Jones Industrial Average recorded an improvement of 5.55 at \$34.93 at 1 pm. The NYSE All Common Index recovered 38 cents to \$55.76.

Closing prices, 2nd market reports were not available for this edition.

While rises outpaced declines by better than a two-to-one ratio. Turnover expanded to 20,055 million shares on Wednesday's 1 pm figure of 17.53m.

Michael Metz, of Oppenheimer and Company, said sentiment was aided by news on Wednesday that housing starts and industrial production declined in April.

The Dow Jones Industrial Average closed at 34.93, up 5.55 from 29.38. The NYSE All Common Index recovered 38 cents to \$55.76.

Simply Pattern topped the active list and gained 1 to \$11. A block of 197,400 shares were

traded at \$11. RCA, in second place, put on a \$25. A block of 187,000 shares were moved at \$25.

National Airlines rose \$1 to \$39. Shareholders have approved a merger with either Pan-American World Airways or Eastern Air Lines, subject to U.S. approval.

Woolworth advanced \$1 to \$27.1. A block of 100,000 shares were traded at \$27.1.

A number of Glamour and Blue Chip issues added fractions. Including IBM, Eastman Kodak, Polaroid, General Motors and American Telephone.

Harlequin Enterprises added 1/4 at \$41.40 on increased first-quarter earnings.

Following the market's recent good performance, stock prices retreated over a broad front yesterday, unsettled by the imposition of new margin trading controls.

The Nikkei-Dow Jones Average receded 54.26 from Wednesday's record closing peak to finish at 8,237.00, while the Tokyo SE Index fell 3.55 to 433.48.

Recently selected Shippings, Shipbuilders, Motors, and Light and Heavy Electricals led the fall. Toyota Motor lost 9.10 to \$20.15.

Pioneer Electronic Y60 to Y2130, Honda Motors Y10 to Y653, and Mitsubishi Engineering and Shipbuilding Y8 to Y175 and Y175 to Y251.

Coals rose sharply, however, reflecting increased demand for coal due to the rise in crude oil prices.

Paris Shares again displayed a firmer tendency in reasonably active trading.

Institutional investors had been active throughout the session, market observers said, seeking out issues which were considered over-sold earlier this week.

Metals all moved ahead strongly, but brokers were at a loss to explain the bullishness.

After a slightly firmer start, most shares drifted lower as trading languished in the Commetzbank index 4.5 weaker at a new low for the year of 754.4.

Brokers said one reason for the insecurity in the stock market was a rumour that the Bundesbank's Central Bank Council would announce some decision after its regular meeting yesterday.

The downturn hit all sectors, including Chemicals, where BASF shed DM 0.70 despite reporting sharply higher first-quarter earnings.

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Table with columns for indices: Dow Jones, Nikkei, etc. and rows for various market indices.

Table with columns for Standard and Poors indices: Industrial, Composite, etc.

Table with columns for NYSE All Common and NYSE All Industrials indices.

Table with columns for Montreal indices: Industrial, Composite, etc.

Table with columns for Toronto Composite and Johannesburg indices.

Table with columns for Wednesday's Active Stocks: AECI, Anglo American, etc.

NEW YORK

Large table listing various New York stocks with columns for stock name, price, and change.

CANADA

Large table listing various Canadian stocks with columns for stock name, price, and change.

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Large table listing various Canadian stocks with columns for stock name, price, and change.

STOCKHOLM

Table listing various Stockholm stocks with columns for stock name, price, and change.

OSLO

Table listing various Oslo stocks with columns for stock name, price, and change.

JOHANNESBURG

Table listing various Johannesburg stocks with columns for stock name, price, and change.

INDUSTRIALS

Table listing various industrial stocks with columns for stock name, price, and change.

FINANCIAL RAN U.S. 9.25

Table listing various financial stocks with columns for stock name, price, and change.

SPAIN

Table listing various Spanish stocks with columns for stock name, price, and change.

EUROPEAN OPTIONS EXCHANGE

Table listing various European options with columns for series, vol, last, etc.

BASE LENDING RATES

Table listing various base lending rates for different banks and currencies.

AMSTERDAM

Table listing various Amsterdam stocks with columns for stock name, price, and change.

COPENHAGEN

Table listing various Copenhagen stocks with columns for stock name, price, and change.

VIENNA

Table listing various Vienna stocks with columns for stock name, price, and change.

BRUSSELS/LUXEMBOURG

Table listing various Brussels/Luxembourg stocks with columns for stock name, price, and change.

SWITZERLAND

Table listing various Swiss stocks with columns for stock name, price, and change.

MILAN

Table listing various Milan stocks with columns for stock name, price, and change.



Handwritten signature and date: 18/5/79

No hurry over U.S. futures

WASHINGTON—The new chairman of the Commodity Futures Trading Commission, Mr. James M. Stone, intends to move cautiously in the next few months, and study the internal operations of the agency and the concerns of the commodities industry, reports Reuter.

World peanut crop to rise

WASHINGTON—World production of peanuts in the 1978-1979 season is projected by the U.S. Agriculture Department at a revised 18m tonnes (in shell), down from the 18.6m forecast in March but above the revised 17.2m tonnes estimated for 1977-78.

New Israeli cucumbers

TEL AVIV—New strains of cucumbers, which can be harvested mechanically, have been developed in Israel. The use of combines will result in considerable lowering of production costs not only by reducing wage bills, but by also permitting the simultaneous harvesting of cucumbers for export, for the local market and for canning factories.

Platinum market at new peak

BY JOHN EDWARDS, COMMODITIES EDITOR

FREE MARKET platinum values reached a new all-time peak yesterday. The London sterling price of £312.10 an ounce, up by £2.60, exceeded the previous record reached in February. The dollar quotation, at \$336.50, exceeded the record of \$435 earlier this week.

Brazil plans coffee export auction

BY RIK TURNER IN SAO PAULO

THE Brazilian Coffee Institute (IBC) is unofficially reported to have decided to authorise sales from its stocks via a new system of auctions on the Sao Paulo Commodities Exchange.

Hides prices fall again

By Our Commodities Staff

HIDES PRICES continued to decline at yesterday's Manchester auction. Offerings were withdrawn at even lower levels than at the Leeds auction on Wednesday but dealers said some hides changed hands privately after the sale at above the withdrawal levels, though still well below the Leeds prices.

Bauxite levy rise sought

KINGSTON—The Jamaica Government has announced it wants to boost its production levy by nearly \$2 on bauxite, reports AP-Dow Jones. Eric Bell, Finance Minister, said this week the Government also planned to introduce incentives to encourage production.

Swiss farm exports lower

By John Wicks in Zurich

SWISS EXPORTS of agricultural produce fell in volume by 10 per cent and in value by 11.4 per cent last year, with more than two-thirds of the total accounted for by cheese.

BANGLADESH New hope for land reform

BY KEVIN RAFFERTY

PRESIDENT ZIAUR RAHMAN of Bangladesh is committed to a land reform programme. "We have to carry out land reform measures, but will do it in a rational way and in accord with the democratic process," he said, but declined to give any more details.

to say 10 or 15 acres depending on whether the farm has assured irrigation, allowing the farmer to keep his title to the land but distributing the excess for cultivation by non-viable farmers. The original owner would be able to share in the crop or profits.

Tenants do not have security and in some areas have been used by farmers merely to test new seed varieties and techniques. The plight of the sharecropper is the more difficult in that he generally has to provide all of the inputs, and then surrender half or even two-thirds of the crop to the landowner.

largest landowners are those with the best political connections. Moreover, newcomers to the landowning classes include police, army officers and senior civil servants—the very figures needed to see that reforms are carried through. The history of the Indian subcontinent is that even the modest land reform measures of the past have been easily circumvented, thus allowing numbers of 200 acre holdings still to flourish in Bangladesh.

Firm beef prices predicted

By Our Commodities Staff

ROME—World Beef prices should stay firm this year, and average will be above 1978 levels, according to the UN Food and Agriculture Organisation.

Price changes

In tonnes unless otherwise stated.

Table with columns: Commodity, Price, Change, Date. Includes items like Tin, Zinc, Lead, Copper, Nickel, Silver, Gold, Wheat, Soybean Meal, Sugar, etc.

AMERICAN MARKETS

NEW YORK, May 17

Table with columns: Commodity, Price, Change, Date. Includes items like Coffee, Cocoa, Rubber, Soybean Meal, Sugar, etc.

£7m Heathrow 'Garage'

By Our Aerospace Correspondent

BRITISH AIRWAYS is to spend £7m on a new base for its ground vehicles at Heathrow. The deal, including an £80,000 "fuel farm" is the second phase of a £14m scheme to transform the airline's ground support equipment branch at Heathrow, responsible for all vehicles it uses on and off the airport.

BRITISH COMMODITY MARKETS

Table with columns: Commodity, Price, Change, Date. Includes items like Copper, Tin, Zinc, Lead, Silver, Gold, Wheat, Soybean Meal, Sugar, etc.

COCOA

Table with columns: Commodity, Price, Change, Date. Includes items like Cocoa Beans, Cocoa Butter, etc.

RUBBER

Table with columns: Commodity, Price, Change, Date. Includes items like Rubber, etc.

PRICE CHANGES

Table with columns: Commodity, Price, Change, Date. Includes items like Tin, Zinc, Lead, Copper, Nickel, Silver, Gold, Wheat, Soybean Meal, Sugar, etc.

WEDNESDAY'S closing prices

Table with columns: Commodity, Price, Change, Date. Includes items like Coffee, Cocoa, Rubber, Soybean Meal, Sugar, etc.

EUROPEAN MARKETS

Table with columns: Commodity, Price, Change, Date. Includes items like Coffee, Cocoa, Rubber, Soybean Meal, Sugar, etc.

ALUMINIUM COPPER NICKEL Reports on these commodities are now available. For copies, contact—

ContiCommodity Part of the Continental Grain Company Group World Trade Centre London E1 9AA Telephone: 01-488 3232

GOLD SILVER PLATINUM Buyers-Processors-Refiners Basic Metal Co Ltd Vineyard Walk, London EC1 01-278 6311 Telex: 27159

CLUBS EYE, 100, Regent Street, 754 0557. A la Carte or All-in menu. Three Spectacular Shows. 1.45. Music of Johnny Hallyday & Friends.

I.G. Index Limited 01-351 3466. Three month Gold 262.85-265.85 28 Lamont Road, London SW10 0HS. 1. Tax-free trading on commodity futures. 2. The commodity futures market for the smaller investor.

INSURANCE BASE RATES Property Growth 111% Vanburgh Guaranteed 10.12% Address shown under Insurance and Property Bond Table

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LONDON STOCK EXCHANGE

Long Gilts move higher after money stock figures but equities suffer relapse and close broadly lower

Account Dealing Dates Options First Declara- Last Account Dealing Days...

Government securities, in fact, improved after the money stock announcement with the longer maturities finally gaining as much as 2 1/2 places...

Stores mixed Despite a late rally of a penny or two following the encouraging provisional April retail sales figures, leading Stores still closed with falls ranging to 12 Gussies A declined that much to 420p and Mothercare dipped 8 to 178p...

Shell erratic Shell's first-quarter profits were deemed satisfactory, but the chairman's cautious statement prompted a reaction from 774p to 754p before a fall of 7p...

Hoover higher Miscellaneous industrial leaders failed to take the previous day's technical improvement a stage further, lack of any follow-through support and account influences making for lower levels...

Financials again attracted a good deal of buying interest, although they, too, closed a shade below the day's best levels...

FINANCIAL TIMES STOCK INDICES Table with columns for various indices like Government Securities, Fixed Interest, Industrial, etc., and their values for May 15 and 14.

HIGHS AND LOWS S.E. ACTIVITY Table showing high and low prices for various stocks and their activity.

LONDON TRADED OPTIONS Table with columns for Option, Ex'c Closing price, Vol., etc., listing various options like BP, ICI, etc.

Ins. Brokers dull Insurances gave a drab performance with Lloyds brokers particularly affected by persistent offerings and lack of support...

Secondary issues provided the main interest in Engineerings. Higher profits and the proposed 5-for-4 scrip-issue helped C. and W. Walker put on 5 to 143p...

Gold up again After the recent sharp gains the South African gold share market began to look a shade uncertain yesterday...

FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries...

accordingly although they still managed minor gains on balance. Bullion was finally 50 cents up at an all-time closing high of \$256.875...

NEW HIGHS AND LOWS FOR 1979 Table listing new high and low prices for various stocks in 1979.

Cape Industries Limited and Transvaal Consolidated Land and Exploration Company Limited (A Barlow Rand Company) JOINT ANNOUNCEMENT

ACTIVE STOCKS Table listing various stocks like BP, ICI, Shell, etc., with their prices and changes.

FT-ACTUARIES SHARE INDICES Table showing various equity groups and sub-sections with their indices and yields.

F.C. FINANCE LTD. a member of the Co-operative Bank Group. Table showing turnover, profits, and dividends for 1976 and 1977.

RECENT ISSUES Table listing recent stock issues like F.P., F.P., etc., with their prices and terms.

FIXED INTEREST PRICE INDICES Table showing yields for various fixed interest investments like British Government, etc.

Financial Times, London, E.C.2P 48V, price 15p, by post 22p.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs. (a), Friends' Provid. Unit Trst. Mgrs. (a), and others, including their names, addresses, and contact information.

Table listing insurance and property bonds, including companies like Abbey Life Assurance Co. Ltd., Crown Life Assurance Co. Ltd., and others, with their respective details.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bonds, including companies like Abbey Life Assurance Co. Ltd., Crown Life Assurance Co. Ltd., and others, with their respective details.

Table listing offshore and overseas funds, including companies like Alexander Fund, Allen Harvey & Ross Inv. Mgt., and others, with their respective details.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including companies like Alexander Fund, Allen Harvey & Ross Inv. Mgt., and others, with their respective details.

Table listing offshore and overseas funds, including companies like Alexander Fund, Allen Harvey & Ross Inv. Mgt., and others, with their respective details.

NOTES: A section providing additional information and disclaimers regarding the fund listings, including a note about the inclusion of 5% premium and the exclusion of 5% commission.









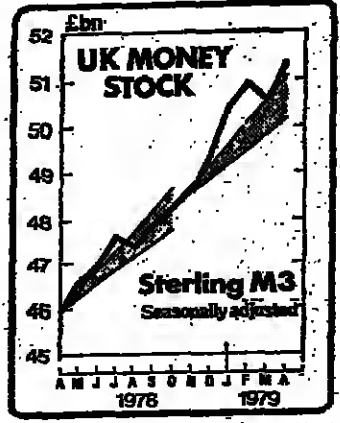




THE LEX COLUMN

M1 clue to the spending spree

Index fell 5.5 to 530.7



Last year foreign investors took up 80 per cent of all D-Mark foreign bonds...

Today a foreign borrower of good standing has to pay 7.5 per cent for ten year D-Mark...

Chemical profits

The ICI share price has markedly underperformed the stock market this year...

However, ICI's temporary difficulties should not mask the underlying improvement in the European and American chemical industries...

D-Mark bonds

The decision of the West German banks to give the market in new issues of D-Mark denominated foreign bonds...

Exchange loses First Options

By James Bartholomew and Charles Batchelor

THE European Options Exchange in Amsterdam has suffered a major blow with the departure of one of its leading clearing members...

Brave face

The exchange administration put a brave face on the news yesterday, saying, "There are still 10 clearing members who can more than adequately continue the EOE's clearing operations..."

Royal Dutch/Shell

Whereas throughout last year the Royal Dutch/Shell group was arguing that its performance was better than its figures suggested, it has moved smartly on to the opposite tack...

Gone downhill

But Mr. Robert Wilkinson, a partner in W. L. Carr, said yesterday, "The EOE has gone downhill rather than uphill. The turnover is below our original expectations and we expect no material improvement in the foreseeable future..."

Weather

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Worldwide

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Israeli Cabinet split over Gaza tactics

BY DAVID LENNON, IN JERUSALEM

THE ISRAELI Cabinet split yesterday on the question of Palestinian self-rule on the West Bank and Gaza Strip. On the eve of talks with Egypt on the future of these occupied territories, Mr. Ezer Weizman, the Defence Minister, quit the Israeli negotiating team in protest against the position adopted by the Government.

Mr. Menachem Begin, the Prime Minister, won Cabinet approval for his position on the nature of the autonomy régime, although he was forced to accept some moderation of the Israeli position. An 11-member Ministerial committee met in a long closed session to finalise Israel's position in advance of the autonomy talks with Egypt, which start formally in Beersheba in a week's time.

Egypt hits back over treaty by freezing partners' assets

BY RICHARD JONES, MIDDLE EAST EDITOR

EGYPT is mounting an economic counter-offensive against the opponents of its treaty with Israel by freezing the assets of its partners in the Arab Organisation for Industrialisation—Saudi Arabia, the United Arab Emirates, and Qatar.

Price Commission allows gas and electricity rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission acknowledged it no longer had an effective role to play in price control by allowing domestic gas and electricity prices to rise. At the same time the Government's attitude to the remaining Price Commission reports was clarified.

Economic pressure

reflects the continued impact of the industrial disruptions of the winter, the civil service expected because of a rise in bank credits held outside the banking system which are not reflected in the official figures.

Council house discounts may be up to 50%

BY PHILIP RAWSTORNE

LOCAL AUTHORITIES are to be allowed to sell their houses to tenants at discounts of 30-50 per cent on the market price. Non-tenants will be eligible for discounts of up to 30 per cent. Government consent for these sales would come in force next week.

Big buying

In reply, it seems, he has produced figures showing that France will cut oil use by only 2.4 per cent, and the Netherlands by only 2.9 per cent. At the top end of the scale Belgium is likely to save only narrowly short of 4.9 per cent savings, followed by the UK with 4.8 per cent. The remaining EEC members fall into the middle ground with cuts ranging from 3.4 to 3.6 per cent.

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Exchange loses First Options

By James Bartholomew and Charles Batchelor

THE European Options Exchange in Amsterdam has suffered a major blow with the departure of one of its leading clearing members...

Brave face

The exchange administration put a brave face on the news yesterday, saying, "There are still 10 clearing members who can more than adequately continue the EOE's clearing operations..."

Royal Dutch/Shell

Whereas throughout last year the Royal Dutch/Shell group was arguing that its performance was better than its figures suggested, it has moved smartly on to the opposite tack...

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